

EIR

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on tide of disenchantment**



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From the Editor

Once again we are able to bring *EIR* readers a unique insight into current Russian history. Last week, we presented a guest commentary by Moscow City Councilman Viktor Kuzin, who exposed the corrupt “democracy” in the Yeltsin government. This week’s *Feature* is an address by the director of the German *EIR* news information service, Michael Liebig, which gives crucial insights into the “Third Rome” mood burgeoning inside Moscow today. This is accompanied by comments from Lyndon LaRouche, who was the first to identify the “Third Rome” threat back in 1983, when LaRouche’s SDI proposal was being adopted by the Reagan administration and violently rejected by the Kremlin leadership of Andropov and Gorbachov.

We publish at length two documents made available to us by friendly sources which shed considerable light on the key foreign policy and domestic policy issues facing the United States. In *International*, I draw your attention to the article which appeared in the Croatian periodical *Danas*, which exposes the astonishing fact that the fighting between Croats and Muslims, which contributed to the deteriorating conditions in Bosnia and Hercegovina, and to the enormous current pressures on the government to surrender to partition, *was fomented by British agents*. This kind of evidence usually waits to surface until long after the war is over and the victims silent. But this time, the British have been caught red-handed while their negotiator, Lord David “Dr. Death” Owen, is trying to complete the betrayal in Geneva.

In *National*, we aim a hefty new round of ammunition in the war against outcome-based education. One element is Prof. John LeDoux’s trenchant exposé of how “educrats” have come up with curricula to make students “feel good” about their abysmal ignorance. In an accompanying news story, representatives of LaRouche’s political movement tracked down a blatant announcement of OBE’s real purpose — to prepare employees for the fast-food “industry” — in a Missouri state teacher-training program.

Over the weekend of Sept. 4-6, *EIR*’s editors will participate in a Schiller Institute conference near Washington, D.C. pivoted around Lyndon LaRouche’s new book-length essay, “Science as History.” I hope to see many of you there. For more details, speak to your *EIR* sales representative.

Nora Hamerman

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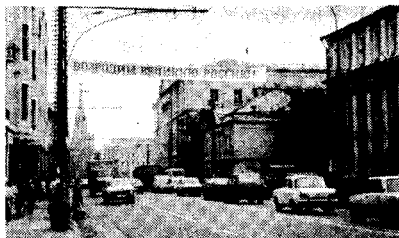
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Feature



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20 Russia's rulers revert to 'Third Rome' outlook

The policy blunders of the West since the fall of communism in the Soviet Union have created the conditions for the revival of a messianic, anti-western outlook in Russia — the ideology of Fyodor Dostoevsky. If such a shift is consolidated at the highest levels, it will be suicidal for Russia, and could lead to World War III. An analysis by Michael Liebig.

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European leaders demand defense against speculators

by Richard Freeman

On Aug. 4, the *New York Times*, with most uncharacteristic candor, published as its lead business story an article with the startling headline, "Turmoil in European Markets Is Made to Order for Trading by U.S. Banks." The article stated plainly that the currency turmoil is great for American banks' derivatives and currency trading profits.

This article appeared only 48 hours after the French franc plunged below the allowable floor value parity within the European Monetary System of 3.43 francs to the deutschemark. On Aug. 2, exhausted European ministers changed the range of the trading bands of the EMS's rate mechanism, within which currencies move, expanding it from 2.25% to 15%. This followed three tumultuous weeks, in which speculators pummeled the French franc, forcing France's central bank to intervene. It was revealed on Aug. 14 that the Bank of France had spent 305 billion francs during the weeks of currency turmoil, in an unsuccessful effort to defend the currency's value. The central bank exhausted substantial reserves of 125 billion francs, and now has a negative reserve position of 180 billion francs, which it owes primarily to the German Bundesbank.

During the first week of August, the six largest derivatives-trading American banks—J.P. Morgan, Citibank, Chemical, Chase Manhattan, and Bankers Trust, all of New York, and Bank of America of California—announced that they had made \$900 million in profits during the second quarter of this year from derivatives trading, an all-time record, representing 40% of their overall profits for the quarter. Thus, in effect, the Aug. 4 article in the *New York Times*, which speaks for Anglo-American finance, was a celebration of the victory of commercial bank speculation against the EMS nations. The *Times* quoted Marcus Meier, the co-director of Morgan bank's trading group, saying that if economic

and monetary policy could ever be "perfectly coordinated"—that is, if the EMS system were ever to work—then Morgan bank would have to shift business out of currency trading.

But the Anglo-American bankers have gone too far. The very cause of their public celebration, the temporary shattering of the EMS, may have woken up European heads of government to take long overdue action against speculation.

Europe speaks out

It should be said that the EMS, though badly hit, is not by any means dead: Its survival will depend on the next actions of Europe's leaders. Nor is Europe the only area to be concerned about speculation, as remarks by the Japanese make clear.

Not surprisingly, the most stinging attack against speculation came from the French government, led by conservative Prime Minister Edouard Balladur. In a television interview, he said: "We must reform the world monetary, financial, and credit [systems] and act so that the prosperity of nations is protected from purely speculative movements. It is a sort of duty, both economic and moral, that weighs upon all civilized nations. There are, all over the world, a group of speculators who have considerable means and who would like [a situation] in which all the currencies of the world would float as much as possible, in order to be able to make the most profits. . . . These are the excesses of liberty. I am a [free-market] liberal, but I have always said that liberty must be ordered."

Balladur's call was taken up the next day by Belgian Finance Minister Philippe Maystadt. In an interview Aug. 14 in *La Libre Belgique* newspaper, he called for "weapons of defense" against speculation. Speculation, Maystadt said, "is a type of transaction which does not know any rules,

no costs, and no taxes.” Maystadt alluded to “safeguards” against speculation that should be adopted as Europe returns to the EMS’s rate mechanism. He proposed that such safeguards be taken up at the European Commission meeting in Brussels on Sept. 13.

A worried *Financial Times* of London on Aug. 14 elaborated that Maystadt’s use of the term “safeguard” most likely refers to Article 3 of the European Community’s capital movement directive of 1988. Under this article, member states of the EC, acting collectively or individually, can take protective measures. “Where short-term capital movements of exceptional magnitude impose severe strains on foreign exchange markets and lead to serious disturbances in the conduct of national monetary and exchange rate policies.” The mechanism clearly envisages exchange and/or capital controls, whereby a nation strictly limits the amount of currency and/or capital that enters and leaves the country.

The *Financial Times* went on to quote an unnamed European Community official who warned that reimposing capital controls “is like using a nuclear weapon.” Quite right.

The issue of a derivatives tax

The comments of France’s Balladur and Belgium’s Maystadt struck a nerve. By Aug. 18, in an interview with the German daily *Frankfurter Allgemeine Zeitung*, an official of Ireland’s Finance Ministry proposed a tax on foreign exchange transactions. At this point, the defenders of speculation on both sides of the Atlantic Ocean denounced the tax in the strongest terms. It should be stressed that a good part of the behind-the-scenes opposition against a derivatives tax is directed against the founding editor of this magazine, Lyndon LaRouche, even though his name has not been cited yet by either City of London or Wall Street press. On March 9 of this year, LaRouche proposed a beautifully simple way to puncture and wipe out currency and derivatives speculation: a 0.1% tax, paid by the seller, on the notional value of each derivatives or currency transaction. This proposal has circulated widely among policymaking circles in the United States and Europe.

In fact, the attack on a currency/derivatives trading tax started even before the Irish Finance Ministry floated its trial balloon on Aug. 18. On Aug. 17, the *Financial Times*, in a front-page article entitled “Speculators as Scapegoats,” warned that a “global tax on foreign exchange transactions” is “infeasible in practice and questionable in theory.” It also called capital controls “perverse.”

Japan joins the attack

As the \$1 trillion a day speculative trading in currencies forces nations to take sides, Japan joined the fray on the side of the Europeans. On Aug. 12, Japan’s newly elected prime minister, Morihiro Hosokawa called for “international intervention” to calm the currency markets. The Japanese yen’s problem is different than that afflicting the French franc re-

cently, and the Italian lira and British pound last September. Whereas the other currencies fell, the Japanese yen, under speculative pressure, is rising uncontrollably. Since the start of this year, the yen has soared nearly 20% against the dollar, slashing the yen value of overseas sales of Japan’s large trading companies. The Sony group, for example, reported that its overseas sales for the first quarter, because of the appreciation of the yen, were cut in half. According to Japan’s Economic Planning Agency, only two-fifths of Japanese companies say that the currency’s appreciation has led to lower prices for imported goods.

On the evening of Aug. 18, Japan’s new cabinet held an emergency meeting to decide what to do to halt the rise of the yen. Before the meeting, there were unsubstantiated rumors on the Tokyo foreign exchange markets, that Japan planned to impose exchange controls. At the emergency meeting, Japan’s government decided to establish an “emergency council” to monitor the situation, but took no further action.

Decisive moves are needed

Many of Europe’s government officials are on holiday until the end of August; but come September, they will have to make serious decisions. Europe’s leaders cannot limit themselves to verbal assaults against its global speculative enemy, but not back the words up with firm action adopting a derivatives/currency trading tax and/or exchange controls; otherwise, the enemy will devour them.

This current intense round of speculation during July and the first days of August, involved, of course, super-speculator George Soros, but Soros did not play the dominant role. Soros is just a frontman for the Rothschilds, albeit an important one. To shut down the speculation, governments will have to take on the Big Six U.S. commercial banks, as well as the Goldman Sachs and Morgan Stanley investment banks in the United States, and such banks as Hongkong and Shanghai, Midland and Hill, and Samuel in Great Britain, and Crédit Lyonnais and Banque Paribas in France.

Currently, France has lowered its 24-hour lending rate to 9.25%, but held its 5-to-10-day lending rate at 10%, in an attempt to attract funds into the country to replenish its depleted reserve position. With unemployment officially at 11.6%, and heading toward 12.5%, France, the world’s fifth-largest economy, cannot afford to maintain high interest rates. To bring rates down, it must crush the speculators, and as French President François Mitterand emphasized Aug. 16, France must upgrade its alliance with Germany, which is the key to European development. Such an alliance must be pivoted around the Productive Triangle infrastructure development plan for Eurasian development, formulated by LaRouche.

Either that is done, and Europe prospers, or the next time the New York banks report their profits from currency trading, the European financial system may not exist.

LaRouche on the Speculation Wars

Europe's crisis may be worst in six centuries

The following is from an Aug. 18 interview with Lyndon LaRouche, conducted by Mel Klenetsky of "EIR Talks."

EIR: There are efforts to curb speculation coming out of Europe, especially France. President François Mitterrand and Prime Minister Edouard Balladur are looking at a 150 billion franc deficit, created because of efforts to curb George Soros's speculative attacks against the franc. They are saying that the only way to save the nation, is to have some kind of controls on speculative markets. Do you agree with this?

LaRouche: Absolutely. This is a long story which some people may recall from my forecast of an October stock market crash, back in the spring of 1987. One will recall that there is a Nobel Prize winner from France, Maurice Allais, who was saying things which in part were the same things I was saying: that the worst financial bubble in history is building up around what we call today derivatives as a category. And we have an Anglo-American syndicate, centered around a fellow called Hartmann, who is the coordinator of both BCCI [Bank of Credit and Commerce International] and BNL [Banca Nazionale del Lavoro] . . . [which was] run out of Zug, Switzerland for the Rothschild Continuation Trust, which is a front for British intelligence and British finance.

Soros, who ran the run against the pound, the franc, and so forth, is a creature of this. This involved Gerald Corrigan of the New York Fed, now retiring to join Soros's Russian operation, and R. Mark Palmer, a State Department official. This is an Anglo-American operation by those interests which ran BCCI and BNL, to try to bankrupt European currencies. The Europeans, faced with the attack by this bunch of gangsters, are saying they are going to have to do something about derivatives. They are going to have to eliminate the weapon—derivatives—which is being used by these scoundrels to attempt to bankrupt entire nations. And thus you find more and more people in France beginning to echo some of the things that I and others have said.

EIR: Do you think that there is the possibility that the countries that have an interest in industrial development can come together?

LaRouche: Yes, it's possible. Remember, I am the initial author of much of this. Remember also that when Jim Wright

from Texas proposed that when he was the Speaker of the House, they created a scandal and ran him out of government, mainly for proposing a tax on derivatives. The powers behind this are great; and the question is: Do these people have the guts to defend their own nations?

France is a somewhat nationalist nation, and so is Japan, and there is likely to be a nationalist reaction against this. And, as one sees from certain parts of the British press, the proposal which I have revived for a sales tax on derivatives is very much in the wind. You will see also in the [Aug. 17] *Wall Street Journal* a tongue-in-cheek reference to this problem of derivatives, one of the first times that the *Wall Street Journal* has given any systematic attention to the danger to the entire world system from derivatives.

But the sum-uppance is, either we put a tax on derivatives and re-institute *some form* of exchange controls, restore them, or else there is not going to be, very soon, any world monetary system as we now know it. It will blow up; it is in the process of blowing up now. It may be almost too late to save the monetary system; but the only thing that would save the world monetary system from a complete collapse, would be some kind of exchange control and tax measures against derivatives.

EIR: It appears that Britain and the United States, in terms of speculative operations, are moving against France. Do you think this is going to break up the Anglo-American-French Entente Cordiale?

LaRouche: . . . Look at the way politics works. To run politics of any kind—I don't care what the policy is—you must have the logistics, which means essentially economy. When you destroy the economy of a nation, you destroy the nation, because you take away the logistical capability of instituting any kind of political program.

When the Anglo-American group, centered around the Major government, and also the former Bush government in the United States, attacks continental Europe in this way, attacks them on logistics, continental Europe must react against the Anglo-Americans as the Japanese must too, in a sense, or else they will lose their logistical capability of having any politics at all, and they face, as Russia is facing now, the threatened disintegration of their nation.

Therefore, will there be a reaction? Yes, there will be a reaction. Will it increase? It will become intense—up until the point that France, for example, might face the condition of a Bosnia, where, out of sheer weight of the collapse, it capitulates, for a later reaction to come.

But we are in a period of crisis and upheaval, unlike anything previously in this century. We are in the most critical months of the century's history. We could possibly be in the worst crisis in European experience in about six centuries. That's how bad it is. Unfortunately, the newspapers don't tell you much about this, and television doesn't, so most people are being caught unprepared for the earthquake-like developments which will occur.

Will the British succeed in splitting China apart – again?

by Michael O. Billington

This publication has consistently warned that the “economic miracle” of the Chinese free trade reforms under Deng Xiaoping was doomed to disaster, being based not on the development of physical and human resources for long-term development, but on vicious looting of the impoverished peasantry and the decrepit infrastructure. Now that the “miracle” is collapsing, certain British interests are openly discussing an option for the division of China, a classical British imperial policy which has been used repeatedly over the past 150 years to keep China backward and to prevent any republican forces from emerging to unite and develop a free China.

The southern province of Guangdong has already been largely transformed into an extension of Hong Kong economically. It is estimated that 40% of Hong Kong’s currency is circulating in *Guangdong Province* as legal tender. The current effort by Beijing to cut off the speculative binge of the past year and a half by provincial banks, mostly in real estate speculation, drugs, smuggling, and related criminal activity, will have virtually no effect in Guangdong, since the province is run by *foreign* credit through Hong Kong, and is not dependent on Beijing or the central bank. In an interview with *EIR* in August 1992, Peter Ferdinand, director of the Asia-Pacific Program of Britain’s foremost strategic institution, the Royal Institute for International Affairs (RIIA), said: “I’m inclined to think that capitalism can separate the southern rim off without all the bloodshed – separate it economically.”

Whether such an economic division would become a *political* division would depend on the role of the military, primarily the People’s Liberation Army (PLA). Dr. David Shambaugh, of the School of Oriental Studies at the University of London and editor of the *China Quarterly*, the leading journal of the old East India Company circles, responded to a question from *EIR* on the potential for a split: “It’s a scenario which certainly must be considered. Although most China specialists would dismiss it out of hand and assume that the military nation-state will continue, I am, however, toward the other end of the spectrum. I think there’s a good possibility that it might not. . . . However, for that to transpire would take a complete collapse of the central party state. There would have to be widespread – much more widespread than

1989 – demonstrations, and then, most importantly, the military would not respond as they did in 1989. . . . If some units of the PLA did not follow orders as they did in 1989, then you have the collapse of the central state and warring factions at the center, which would precipitate a situation where some parts of the country, or some provinces could split away.”

Shambaugh went on to predict precisely such a crisis in the months ahead: “The austerity plan is not going to work. Rural and urban discontent will rise to a boiling point. The central state will be challenged to suppress them, and they will call upon the paramilitary police to do so, which they won’t be able to do. They will then call in the military to do so.”

Potential for military coup

It is for this reason that Beijing has taken drastic measures over the past year to reassert central control over the PLA. In November, Gen. Yang Shangkun and his half-brother Gen. Yang Baibing were removed from their posts – the former as President of the People’s Republic of China and head of the Central Military Commission, and the latter as deputy head of the Central Military Commission – and the largest purge and transfer since the Cultural Revolution swept the military leadership. The Yangs and other older officers were viewed as a potential leadership for a military coup against the free trade reform policies which are ravaging the country. These purged leaders are still very much in the wings, and may well be encouraged by the emergence of an “empire” faction in Moscow, threatening to reestablish the Soviet Union in some form, in reaction to the devastation of the West’s “shock therapy” economic destruction in the former Soviet countries.

However, there is an equally dangerous threat to Beijing’s central control from the other extreme of the military leadership. Like the rest of China’s institutions, the PLA has “jumped into the sea” – the Chinese expression for political leaders who have followed Deng’s dictate that “it’s glorious to be rich” – by joining in the massive speculation binge. According to the Aug. 12 *Far Eastern Economic Review*, “More than 10,000 military-run companies have been established and officially registered since the PLA was allowed to

start doing business on its own account in the mid-1980s, but many thousands more are known to operate without the knowledge of the logistics chiefs." Most of this investment is in Guangdong, much of it in land and stock speculation, while several scandals involving connections between PLA units and organized crime gangs have surfaced. Much of the income from these business activities goes unreported to the central authorities.

On July 23, the Communist Party's Central Military Commission published a directive in the *People's Daily* ordering the military to stop diverting its budget into business ventures and get out of foreign exchange and real estate speculation, warning of a "growing tide of corruption, money worshipping, and hedonism."

The British run speculation

It must be noted that the frantic pace of speculation of the past 20 months, although unleashed by Deng Xiaoping in January 1992, was carried out primarily through the British colony of Hong Kong. In that period, over \$10 billion in projects have been initiated by Hong Kong companies in the mainland, more than twice the total foreign investment in China in 1992, including Hong Kong, according to the *Asian Wall Street Journal*. Some of these investments may collapse as the bubble bursts, but at least some of the British banks in Hong Kong believe they can protect Guangdong from Beijing's control. When Beijing slammed on the brakes in 1988, Guangdong was only mildly affected, while the rest of the country contracted massively, raising the number of unemployed from the countryside astronomically. (This number is now close to 200 million, and some official estimates are that that could double by the year 2000.)

Guangdong, especially the Special Economic Zone Shenzhen, next to Hong Kong, thrived on credit from Hong Kong and virtual slave labor from this desperate mass of unemployed. Guangzhou (Canton) Mayor Li Ziliu boasted to the *Asian Wall Street Journal* that the current efforts to rein in the speculative free-for-all will be equally ineffective this time, since Guangdong will simply turn to Hong Kong for credit. Shanghai and other northern cities that are undergoing a similar speculative explosion are far more dependent on resources and concessionary policies from Beijing. Also, Beijing controls the currency exchange centers, both the official exchange and the "swap" centers, where selected foreign firms can exchange currencies at close to the black market rate. Guangdong, however, since the Hong Kong dollar is virtually an official currency, can avoid even this level of control.

Besides being independent of Beijing's financial controls, Guangdong has also found ways of diverting taxes and other funds away from Beijing and into its own coffers. The *Far Eastern Economic Review* reported on June 24 that two villages near Guangzhou have emerged as smugglers' outposts, where retailers from across the country flock to pur-

chase stocks of electronics, motorcycles, and other items smuggled in from Hong Kong. The Guangdong officials charge exorbitant prices to lease the small shops in these villages. Thus, funds that would have gone to Beijing as tariffs on legal imports stay in Guangdong. Hong Kong authorities facilitate the process. The director of the Hong Kong Customs and Excise department told the *Review*: "Strictly speaking, there is no law in Hong Kong that restricts goods from Hong Kong to China, as long as they are not stolen goods or illegal products."

Of course, such a process could not go on without complicity of at least some layers of the PLA as well. The PLA is, in fact, forced to engage in business, legal or illegal, but the structure of the budget. Only a fraction of defense costs is paid by the central government. The rest comes from military-run industries, which previously meant military production and sales of military hardware overseas. Increasingly, however, these extra funds have come from military-run consumer industries, or speculation in the private sector, or from the fruits of corruption. Beijing has increased the defense budget by over 10% each of the past three years, but this is less than the rate of inflation, aggravating the problem.

In Palmerston's footsteps

The potential for Guangdong to break from the north, perhaps in league with the other southern provinces, would depend on a faction of the PLA becoming so corrupted that they would join with the British in Hong Kong against a crackdown from Beijing. The British have used such methods before. In the 1850s and 1860s, while Lord Palmerston waged a series of wars against Beijing to force the acceptance of free trade in opium, the British gave support to a peasant revolt in the south — the Taiping Rebellion — while threatening Beijing to either submit to all demands or watch the British sponsor a Taiping takeover. When the Beijing government was eventually crushed militarily, the British turned against the Taiping, helping government armies to virtually exterminate them.

In the beginning of this century, faced with the victorious revolution under Sun Yat-sen's republican leadership in 1911, the British threw their support to the head of the military forces of the deposed dynasty, and subsequently sponsored various local military chieftains, breaking China up into warlord states. When Chiang Kai-shek later united the nation militarily, defeating both the warlords and the Communist Party, the British and their American allies backed the Communists in the north, again dividing the country and eventually facilitating the communist takeover.

This is the mentality of those like Peter Ferdinand of the RIAA, who said in the same interview quoted above: "We may see a breakup of China. It's quite possible to see two Chinas; an inland China focused on Beijing, the less-developed country we know and have distaste for, and a coastal China which is a separate capitalist country, internationalized."

LaRouche blasts U.S. establishment lunatics for 'losing China'

by Mary M. Burdman

Just as it has "lost Russia" through shock therapy, the United States is now about to "lose China," Lyndon LaRouche stated in an interview with *EIR* Aug. 11. The U.S. establishment is making strategic miscalculations on China, the most populous nation on Earth, on the same disastrous scale as its strategic miscalculations on Russia, on the Balkans war, and on the world economic and financial crisis.

The unbelievable stupidity of the dominant grouping among the U.S. intelligence establishment and policymakers on China, was exposed for all to see in the annual report of the Central Intelligence Agency made to Congress July 30. While admitting a few "shortcomings," the CIA endorsed the current economic disintegration of China as "growth," ignoring the disastrous condition of an economy of 1.2 billion people, without sufficient food, transport, or energy to grow. This is in stark contrast to the assessment of China not only by LaRouche and *EIR*, but also by leading continental European press, informed European policymakers, and even the controlled media of China itself.

"The developments in China . . . are one of the major indicators of where the planet as a whole is going right now, and where Washington policy is going at the present time, if it doesn't come to its senses," LaRouche stated July 27. "I base this, I think it is important to say, on communications I have received from high-level sources in Beijing as well as other sources outside China, which are looking at the situation also. . . . In Beijing, as in Italy, at the highest level, there is absolute rage against the British operation, which is what is being boosted in the United States. . . ."

"China is headed for a great crisis, at the same time that we see that Deng Xiaoping, the former maximum leader, is, because of health and other reasons apparently, retreating and the succession is in the waiting. China could disintegrate; or Chinese leaders could act, knowing that possibility, to prevent it from occurring. One of the things that they are going to act against, is Britain."

The United States "apparently is going with an enterprise zone policy for China," LaRouche said on Aug. 11. The policy "being pushed by the United States" is to build cheap export industries, produced by slave labor, in the Special Economic Zones of the east coast, Shanghai, Guangdong

province, in Hainan, in Hong Kong. China's "surplus" (unemployed) peasant labor — which already numbers 170 million and will number 400 million, approximately one-third the entire population, by 2000, the Ministry of Labor reported July 10 — is being shipped as coolie labor to the coastal zones. "The U.S. foolishly believes that this program will work," LaRouche said. This policy will "take 400 million Chinese and melt them down one by one in these enterprise slave-labor projects. . . . It's sort of like what the Nazis did at Auschwitz, which was to kill people largely through slave labor. Some Chinese become rich, through peddling the product of slave labor. China becomes poor, through losing population, through melting down its own population. China will go, under these conditions, into an explosive crisis."

There is no Chinese economic miracle, and, in contrast to the foolish Americans, the British understand this. The Chinese "understand this, too," and understand that Britain foresees chaos for China, LaRouche said. The "United States has a policy conflict, where a foolish U.S. policy, run by . . . greedy people who don't want to see what they're doing — against a British policy which is more sophisticated and very diabolical."

This is producing a reaction in China, LaRouche said July 27, "because China as a nation has approximately 1.2 billion people; and among 1.2 billion people approximately you have a lot of very intelligent people. . . . They hate what the British are doing. This issue about the Governor of Hong Kong, Chris Patten, is simply a symbol of it. They know the British are trying to destroy China; and they are mounting in a great rage. They attribute the problem to the old Lord Palmerston opium operation against the Chinese people, by Jardine Matheson, and so forth. Chinese leaders are blaming the old opium dealers for this, and while Henry Kissinger has got himself a monopoly deal in Shanghai peddling insurance, nonetheless, at the same time, there are those who might just one day sweep in, take all these Kissinger Associates and chop their heads off, or something like that."

A new 'South Sea bubble'

In late May, the International Monetary Fund released a most astonishing report, announcing that China had suddenly

replaced Germany as the world's *third-largest* economy, after the U.S. and Japan. The IMF concluded that China produces \$1.7 trillion in goods and services, *four times* the amount earlier estimated.

In late May, the IMF's report was endorsed by the Pacific Economic Cooperation Council and now-departed New York Federal Reserve President Gerald Corrigan, who told the Foreign Policy Association, "Unless something very unfortunate . . . happens in the near future, China in economic terms is going to be a very, very major player." The Business Coalition for U.S.-China Trade, even argued in a study released at the same time, that China could "retaliate against U.S. economic interests" — and have "considerable" impact on the U.S. economy.

The Chinese themselves were most astonished by this nonsense. Chinese State Statistical Bureau official spokesman Zhang Zhongyi stated July 8 that China is still a low-income, developing country, not the world's third-biggest economy as the IMF claims. China's statistical accounting is too backward for its economy even to be measured by the IMF "purchasing power parity" method, Zhang said. Per capita income in China is only \$400 *per year*, he said, although Gross Domestic Product (GDP) reached \$458.6 billion, the tenth largest in the world. But industrial output amounted to only 27.2% of GDP, 14% below world average. Nutritional levels, literacy, education, and per capita living space all put China as a low-income nation. Of 1,903 counties, 520 are "poverty-stricken," with average per capita income below 200 yuan (approximately \$30 a year).

On July 10, the official *China Daily* reported that the Ministry of Labor had announced that China already has 170 million "surplus" rural laborers, and forecast that the number will grow to 400 million by 2000. On July 31, an official of the Chinese State Information Center's Economic Forecasting Department said that China's economic restructuring package imposed July 3 was essential, because if "the disorders remain unchecked, the economy would explode next year." He admitted the whole package is a "stopgap" measure.

According to estimates made by analysts at the International Institute of Strategic Studies, and endorsed by the *Times* of London, China's GDP is roughly *one-third that of Italy* — a nation with less than 5% of the Chinese population. For 1991, the last year when comparable figures were available, China's GDP was the equivalent of \$371.2 billion, compared to the Italian GDP, which is approximately \$1 trillion. For 1992, where the figures were less reliable, the Chinese GDP was estimated to be about \$434 billion. While this represented about 12.8% growth, it must be remembered that inflation was at least 10% for the year.

Lunacy from Langley

Undeterred by reality, on July 30, the CIA submitted its report on "China's Economy in 1992 and 1993: Grappling with the Risks of Rapid Growth," to the Subcommittee on

Technology and National Security of the Joint Economic Committee of the U.S. Congress. CIA East Asian analysts Martin Petersen and Lee Zinser testified that China is a "modern economic power," the third-largest in the world, with a GDP of \$2.35 trillion, equal to Japan's, and sustaining 13% growth a year. Martin Petersen claimed that the changes carried out for the past 14 years had sharply improved living standards in China and allowed free domestic markets.

The CIA testimony, which LaRouche characterized as "lunatic," is most notable for its lack of information. There are no elaborate manipulations of figures: The method is much cruder. Almost every figure on the Chinese economy is given *only in percentages*. Consider China's history over the recent decades. In the early 1960s, as the United States was preparing to go to the Moon, tens of millions of Chinese were *starving to death* as the result of Mao Zedong's "Great Leap Forward." A decade later, in the Cultural Revolution, the economy stopped. Trains did not run for months on end, no housing was built for 10 years, industry shut down by political chaos. This is the baseline of China's double-digit percentage of economic "growth."

For this nation of 1.2 billion, which urgently needs the most modern technology and infrastructure, including nuclear power and high-speed railways, to survive, the CIA praises the "growth" of "thousands of small-scale economic development zones" and "informal capital markets. . . . The number of companies nearly doubled last year . . . largely because the regime strongly endorsed the expansion of the service sector last year, encouraging surplus [state] workers . . . to set up new service ventures . . . to trade in securities or to cash in on booming foreign trade. By the end of last year, China had over 4,000 real estate companies." The result was construction of useless hotels and office buildings, termed "investment in fixed assets." This was "the main driver in the rapid GNP growth that China registered last year."

Most revealing is the section on trade. China's enormous trade surplus with the United States increased over 43% in 1992, to reach \$18.2 billion. While U.S. exports to China went up 19% to reach \$7.5 billion in aircraft, fertilizer, measuring instruments and wheat, U.S. imports from China "concentrated in low-technology, labor-intensive products," such as textiles, footwear, and toys, and jumped by 35% to \$25.7 billion, boosting China's share of total U.S. imports from 3.8% in 1991 to almost 5% last year.

"The U.S. trade deficit with China — which is second only to the U.S. trade deficit with Japan — could reach more than \$23 billion this year if current trends continue," the CIA said — a growth of 30%. While growth in Chinese exports to the United States has slowed slightly, up only 25.5% over 1992, growth in U.S. exports to China was only 15%, and "another record deficit appears likely this year. Indeed, if the bilateral trade trends through the first five months of 1993 continue, the U.S. shortfall by year end will reach more than \$23 billion."

Switzerland emerges as drug 'paradise'

by Christian Huth

Switzerland is on the way to becoming the drug El Dorado. Amid protests, so-called scientific studies of the free government distribution of heroin and cocaine are now under way. In July, the Swiss Federal Ministry for Health approved an experiment that is now being conducted with 700 pauperized drug addicts. In securing approval for this experiment, reference was made to a legislative initiative of the German Bundesrat (upper house of Parliament), which aims at government distribution of heroin. Astonishingly, this drug experiment was not criticized in many media because of its cynical character, but rather because the other approximately 30,000 drug addicts will not have the doubtful pleasure of government stuff.

The subjects of the experiment, who are divided into 14 different groups of 50 addicts each, are to receive shots of heroin, morphine, or methadone under medical control. Evaluation of the four-year experiment is to show whether the addicts distance themselves from the drug scene and become less criminal than their fellow sufferers who must continue to finance their addiction with prostitution, theft, robbery, or dealing.

Protest against this reckless policy has primarily been expressed by the initiators of the "Youth without Drugs" referendum, which is also supported by the Union for the Promotion of Knowledge of Human Psychological Nature (VPM). This initiative intends to push through a consistent application of relevant laws as well as a rational therapy program. The VPM explains the dangers of such drug experiments, since more drugs are made available through the distribution of heroin and methadone.

A political 'hot potato'

What is particularly nasty is that irresponsible politicians, on the pretext that we must wait for the scientific evaluation of these experiments, want to postpone the vote on the initiative in the Bundesrat until 1997. Simultaneously, the supporters of the Drug Legalization Work Group, in which leftists, greenies, and liberals are all found, is preparing an initiative "for a rational drug policy" — to the delight of the drug mafia. These advocates of free distribution put forward, of all things, the right of personal responsibility and self-determination in justification for their drug plans.

How bad this *laissez-faire* policy is can be seen today in Zurich. Under the Lettensteg Bridge, a crowd of seedy peo-

ple can be seen, dealers using shopping carts as sales stalls between figures of misery, made wretched by drugs and AIDS. Vending machines are set up, from which addicts can get a packet with needle, gauze swab, and condom along with an information sheet for 2.5 francs.

A first-hand account

Annbrit Gruenewald, director of the Oesteraker National Prison near Stockholm, Sweden and an expert on drugs, in July gave an account of the drug scene in Zurich: "First, the area was completely covered with the plastic covers of thousands of needles that were distributed free of charge to the addicts. In Zurich, a city of 350,000 inhabitants, 11,000 needles are given out per day. Even methadone is distributed more or less without controls, as I was able to find out on a visit to a distribution place."

In fact, even heroin is now to be given out without prescription. The addicts will receive a pass that allows them to purchase drugs. Gruenewald reports: "In the vicinity of the municipal bathhouse, there are thousands . . . of drug addicts. Wherever we looked, there were people sitting and injecting themselves in their arms or legs or wherever they could find a vein. At the same time, a few male nurses went around and breathed life back into people who had taken an overdose. . . ."

"I have worked for almost 25 years with drug addicts. But I have never in my life seen such misery as in Zurich. A study trip is recommended to all advocates of legalization. What is happening here is genocide. . . . Miserable figures in the thousands with open wounds!"

A former addict who spoke with addicts in Zurich, stated at a VPM meeting that many want to be "clean," but social workers do not want them to get rid of the addiction. Why? A brochure from the Swiss office specializing in alcohol abuse in Lausanne reads: "Every human being must find out for himself which drugs are a means of pleasure for him and which not. If we speak of drugs in this brochure, we mean tobacco, inhalants, hashish, marijuana, heroin, morphine, cocaine, crack, LSD, different medicines, alcohol, and synthetic drugs."

Gruenewald countered: "Science and confirming data show that use as well as misuse increases with easy availability of drugs. In my eyes, it would be insane to consciously increase drug use, which would occur through legalization. In Zurich, treatment institutions are empty, not from lack of addicts, but from lack of motivation of the addicts. No addict stops taking drugs because of a drug's positive effects. An addict stops because of the negative effects. If all the negative effects are removed . . . then obviously no addict will stop. Thus, a humane drug policy must make it as difficult and as troublesome as possible to take drugs. Then the motivation is created and the treatment institutions will fill up. We must work against drug misuse with a continuing, strict control policy. We really need the resources of our society for other things."

German yuppie bankers lust for Nazi 'maquiladora' economics

by Helmut Böttiger

Unemployment is rising, rising, rising in Germany. If one asks Germany's economic and financial experts, there is only one reason for this regrettable process: High wages are simply "not competitive anymore." In fact, according to information from the World Bank in 1991, a Czech worker earned only 80% of what his western German colleague received. Polish workers received 60%, and Hungarians 30%. In Mexico, a worker earns one-tenth, and in Thailand only one-twentieth of what he would receive in Germany.

That suggested an idea to a pair of well-paid yuppies at the Dresdner Bank, an idea which, as so often happens, was borrowed from their "expert" colleagues in the United States, who in turn got it from Hitler's Economics Minister Hjalmar Schacht. The Dresdner yuppies trotted out their novel idea in an article in the bank's *Trends August 1992* entitled "Wage Enhancement in Eastern Europe: the American-Mexican Maquiladora as a Model."

In Mexico, the term *maquiladora* traditionally meant a corn mill run on a fee basis. The farmer would bring his corn, have it ground for a certain fee, and would then cart away his cornmeal.

On the U.S.-Mexican border, of course, we are not talking about corn mills. U.S. companies deliver raw materials and semi-finished products and have them finished ("enhanced"), and then take the end-product back to the United States. For the most part, these are assembly workers who labor for the entertainment and electronics industries, or assemble automobiles or household consumer items. To do this kind of work, one needs a certain amount of manual dexterity, but no further education. A certain training period and appropriate supervisory pressure are all that is required. Some 80% of the workers in these factories are women, who are trained and supervised by the men, who constitute the other 20%.

Eastern Europe targeted

Our German yuppies dreamed of something similar for Europe. Since 1989, they have been having visions of the vast possibilities for a more intensive "division of labor between German and the eastern European countries." For German firms, these countries are "especially attractive because of their proximity, their domestic market possibilities, their relatively favorable exchange rate, and their very low pro-

duction costs. Low wages with relatively high productivity also pay off. Additionally, the level of education of the workers is far higher than the other low-wage countries." And wage levels, they could have continued, are often even lower than in Mexico, for example.

The bankers can already proudly point to successes: "Over the last four years, the volume of direct German investments in low-wage countries has increased by 64% per annum." But even more interesting than risky direct investments are "the wage enhancement contracts being made by German producers." The German firm delivers the semi-finished product to the contracted firm abroad, has them assembled by the low-paid workers there, and then reimports them — the *maquiladora* principle. "Through this division of labor, the producer [i.e., the western German company] gains important cost benefits without having to sustain participation or investment risks." No wonder the volume of such contracts made by German firms in 1991 exceeded 10 billion deutschemarks (\$5.9 billion).

The bankers would also like to push through additional "beneficial" agreements with low-wage countries—for example, "special tax and tariff reductions," or even the establishment of "free trade zones," in which special wage and labor protection regulations that still exist on paper in eastern European countries, will be legally circumvented. In this regard, the Dresdner Bank yuppies orient themselves principally to the Mexican *maquiladora* programs, because the U.S. government has succeeded in abolishing all toll barriers there. "Production in a *maquiladora* is recognized as a conversion service that produces no profit in the host country, and for that reason remains free of import tax." They perceive still other advantages: "Moreover, less stringent environmental and worker protection regulations may play a role." Such a program would get secondary support through further measures, such as tariff reductions (since a tariff-free customs union is already presumed, they must be talking about special tariff allowances to be paid out by the host country) and infrastructure investments (which the host country would also have to put up).

It is therefore not surprising that under these idyllic conditions, "labor costs for a middle-sized U.S. furniture manufacturer sank to one-fifth of their previous level." The yuppies can also point to wonderful economic parameters for the

region: The *maquiladora* region has the lowest unemployment in the country, and production is growing there by a grandiose 13% per year. The new workers are also said to have increased the region's purchasing power.

What it's really like

But let us look at this "paradise" a little more closely than the bank yuppies would, because it might soil their silk suits and Gucci shoes. The following examples are taken from a travel report which Dr. Rudolf Welzmüller published in the *Gewerkschaftliche Monatshefte* in November 1992.

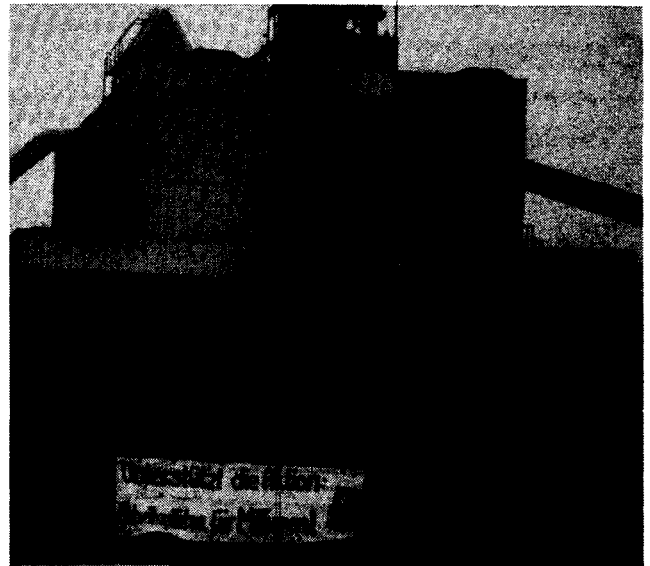
As a rule, the Mexican factory workers are women between the ages of 14 and 23. One female worker named Candy is 21 years old. She chose the night shift at General Electric because she earns more then. At 9:30 p.m. she leaves her shanty in the Colonia Roma on the outskirts of Reynosa in order to catch the last bus to reach work. The trip costs her 2,000 pesos, which in 1992 was approximately 65¢. Her shift doesn't begin until 12:30 a.m. She arrives at work very early, and must wait outside the gate at this unsafe time of night. There are no waiting rooms. If she were to arrive late even once, because she had missed the last bus, 40,000 pesos would be deducted from her wages. That is one-quarter of her weekly wages, which at 150,000 pesos (around \$47), is relatively high for the *maquiladora*.

Her female friend on the late shift from 3:30 p.m. until 12:30 a.m. at the Zenith electronics firm, earns only 110,000 pesos a week — and she is relatively high on the wage scale there. Another friend in the ordinary wage group receives only 90,000 pesos. But even this low wage exists only on paper. For the most part, the women are not paid the full amount; around one-third is usually taken out in the form of credit vouchers which they can redeem for a free meal in the lunchroom. It repeatedly happens — as it did recently in Ciudad Juárez — that workers become ill because the food is spoiled.

The low wages are as a rule justified by reference to the fact that labor productivity is far lower than, for example, in the United States. But that is not true. The Chamber of Commerce of Laredo determined in 1991 that the "range of productivity of Mexican sewing machine operators is anywhere from equal to 30% higher than in the United States." U.S. electronics companies report that their productivity in Mexico with simple assembly-line workers is from 10-25% above the equivalent activities in the United States. Wages range from a ratio of 1:10 to 1:12 compared to the United States.

Dangerous working conditions

Germany's banker yuppies are particularly pleased by the "favorable working conditions" in the *maquiladoras*. Put simply, that means that there is hardly any safety equipment or regulations. A case at General Motors: A short circuit ignited a smoldering fire that produced a lot of smoke. The



A trade union banner protests the planned shutdown of the Krupp Rheinhausen steel works in Duisburg, Germany, April 1993. The yuppie bankers have no use for skilled, unionized labor; their plan is to set up slave labor maquiladoras in eastern Germany and eastern Europe.

workers wanted to go out into the street, but supervisory personnel prevented them from doing so. Because of the poisonous smoke, many lost consciousness. But instead of letting the workers out, the supervisors disconnected telephone connections to the outside. When the fire department arrived, it was sent away. They said they could handle it on their own. Finally, at 9:00 a.m., the police and fire department forced their way into the site. More than 300 people were suffering from some degree of severe poisoning. Despite the accident, no fire safety equipment was installed afterward, and no practice fire drills were carried out.

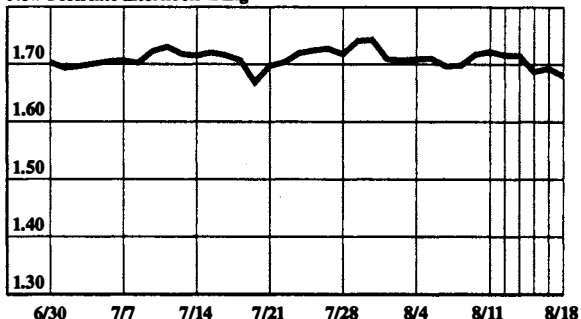
No one even takes the trouble to translate the English-language warnings and safety documentation furnished with the machines into Spanish. "Lead causes birth defects and adversely affects human fertility" is there in English, but the women who work with it day in, day out, can only read Spanish and are unaware of the warning. A 15-year-old girl on the assembly line sorts freshly punched metal parts for 48 hours a week. For that, she receives 131,000 pesos, about \$43 a week. She frequently cuts her hands on the sharp edges, but protective gloves are given out only once every three months.

Human life is cheap in these slave-labor camps. A father of two children once refused to operate his machine during a heavy rain as long as the leaky roof was not repaired. Supervisory personnel forced him to operate it anyway, threatening to immediately fire him if he refused. Just as the worker had feared, there was a short circuit, and he was killed. His wife and children were paid off with a miserable \$650 for the death of the father. That was clearly "more

Currency Rates

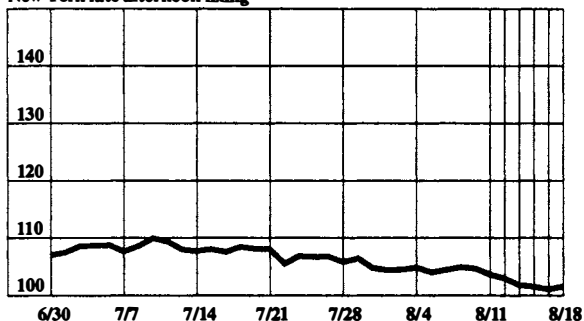
The dollar in deutschemarks

New York late afternoon fixing



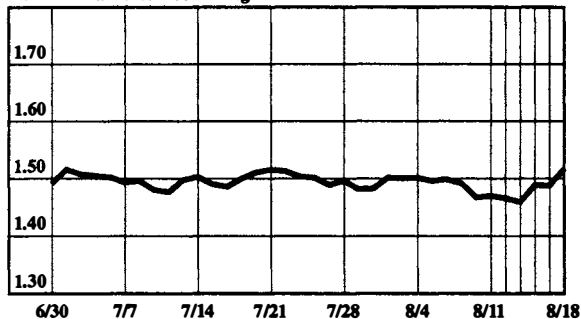
The dollar in yen

New York late afternoon fixing



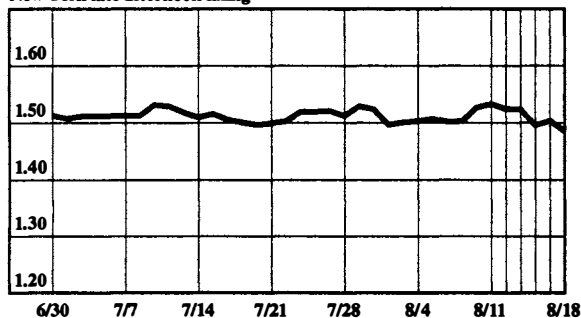
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



economical" than repairing the roof.

Male and female workers are not merely thoughtlessly exposed to health-endangering substances at the work place. The same substances are discharged into trenches where children play, and from which domestic animals drink. They flow through the rickety shantytowns called *colonias*, then they seep into the ground and poison the drinking water. A random test by General Motors revealed that the amount of xylene in the waste water exceeded the officially determined limit by a factor of 6,000. But nothing was changed. On Dec. 6, 1990, a cloud of poison gas flowed from the ventilation system of the Retzloff chemical plant near Colonia Privada. Fifty people in the neighborhood were poisoned. The flow was stopped only when the poison cloud crossed the border and set off a panic in neighboring Brownsville, Texas.

In Brownsville, three children were born in April 1991 with severe brain malformation. In the past year, 72 such children were born on the other side of the border, 42 in Matamoros alone. Investigations by Mexican authorities showed that the causes for this anencephaly (faulty brain development in the fetus) were the solvents xylene and toluene. These substances are frequently emitted into the air via the factory's air conditioning ducts, or get into the drinking water via wastewater emissions. The entire region has become a breeding ground for infectious diseases.

In the schools, they kept on finding children with strange, hitherto unrecognized handicaps. Finally, it was discovered that the mothers of these children all worked in the same factory of the Mallory condenser company. But the company had pulled out in the meantime, and demands for compensation came too late.

Living conditions in the *colonias* defy description. Living space is lacking, as are adequate schools. Supplies of water and electricity, garbage disposal, sewerage — all these matter-of-course facilities are hopelessly insufficient. Human beings live there in precisely the same conditions as in the heyday of liberalism in Manchester, England in the 19th century, with hundreds of thousands living in barracks or hovels fashioned out of planks of wood.

Maquiladoras on the German border

Maquiladoras are a monstrous exploitation of human beings. But the yuppies of Dresdner Bank do not see that. "The area bordering the United States has the highest state of development in all Mexico." And they want to establish something similar on the Polish and Czech borders.

They suspect that trade unions will object, because it will destroy jobs in Germany. But they argue that "we should not overlook the fact that otherwise, labor-intensive assembly may be entirely transferred to developing countries, or will simply be discontinued." That will continue to happen until the labor and income conditions here have adjusted to those in the low-wage countries. But who, one might ask, will have the money to buy the products once they are produced?

A depression that can't be talked away

Workers in eastern Germany are taking to the streets in protest, and are mobilizing for the coming elections.

On Aug. 10, roads in the downtown Thuringian city of Gera were blocked by protesters for five minutes. The activists were supporters of an "alliance for action" of workers from various plants, who declared that it was "five minutes to midnight" and high time to stop the deindustrialization of east Germany.

On Aug. 17, roads in seven bigger cities in the state of Thuringia were blocked along the same five-minute model: Erfurt, Weimar, Jena, Meiningen, Suhl, Altenburg, and Nordhausen. In Jena, Gottfried Christmann, the chairman of the local section of the DGB, the national labor federation, said that "enough is enough" after the loss of virtually 78% of all industrial jobs in the state since unification in late 1990. He said that the example of the ongoing, six-week hunger strike of potash miners in Bischofferode, which has become a national symbol of labor protest, showed that only resistance with such commitment would be effective.

Spokesmen for the "alliance for action" initiative, sparked in mid-July by south Thuringian worker solidarity with the Bischofferode strikers, announced that there would be regular "Tuesday protests" against the deindustrialization policy of the federal government and of the Treuhand agency, which commands all of the east German industry that has not yet been privatized or closed down.

This "alliance" initiative among workers of endangered industrial plants has gained a momentum of its own, going beyond the hunger strike in Bischofferode in terms of programmatic outlook. The initiative promises

to be around for the "year of elections 1994" (17 of them), which is also the orientation of those factory councilmen who founded the "alliance for action."

The Christian-Liberal government of Chancellor Helmut Kohl, which usually does not pay attention to labor interests, is taking this protest seriously. But Friedrich Bohl, minister of the chancery, on Aug. 17 reiterated the government's position that there was "no chance for Bischofferode." Not even the fact that the European Cartel Office in Brussels voiced concern about the planned merger of the two biggest producers of potash, K&S and MDK, on Aug. 16 (which implies the closing of the Thomas Müntzer mine in Bischofferode), and announced an investigation of the affair, would change Bonn's view.

However, it is not likely that the government will be able to stick to its views on the potash issue or other crises in German industry. The fact that Economics Minister Günter Rexrodt and an increasing number of experts have felt compelled to readjust earlier forecasts of economic trends, signals nervousness in Bonn. Senior figures in German industry, and *EIR*, have been warning that the economic "recession" is deepening and will not simply go away because some politicians decide that recovery is "around the corner."

Early this year, Klaus Murmann, president of the Association of German Employers (BDA), said that the jobless rate would be above 5 million by the end of 1993. At that time, Bonn forecast only 3.5 million or even less. This "forecast" was slightly corrected

in May to between 3.5 and 3.7 million, and on July 18, Economics Minister Rexrodt went on the record with a prognosis of "more likely" 4 million unemployed by the end of this year. On Aug. 12, he spoke of "4 million jobless, definitely, this coming winter."

In a mid-August report, the DIW econometrics institute in Berlin, which holds a seat on the government's economic advisory commission, forecast a jobless rate of 4.5 million. Other independent forecasts, based on the fact that more than 6 million Germans of working age are already without regular employment, and that another 0.8-1.5 million have to be added, are projecting a real jobless rate of over 7 million by the end of 1993.

Labor market statistics, as presented by the president of the Federal Unemployment Office, only list those citizens that receive support from the national unemployment office (3.5 million currently), while all others who receive support from other budgets are not listed as jobless.

There are about 1 million now whose eligibility for the mandatory 18-month jobless support has expired and who have entered the welfare rolls, and there are yet another 800,000 that are listed with their companies as "early retirement candidates" who don't appear in the monthly unemployment report. This explains part of the secret behind the low official data. Thus, in reality, Germany has a jobless rate of 5.3 million, with another 500-700,000, coming from the auto and aerospace sectors mainly, but also from chemical producers and machine-builders, expected even by Bonn by the end of 1993.

This is a "real depression," and *EIR* and the protesting workers are eager to know when this fact will finally be admitted in Bonn.

What's at stake in Bischofferode

The commodities cartels are trying to keep a stranglehold on potash production, vital to boost world food output.

The weeks-long hunger strike of mine workers at Bischofferode, in eastern Germany, protesting the intended shutdown of the Thomas Münzter potash mine there, throws a spotlight on the international financial control networks now deliberately cutting fertilizer output in the face of desperate world food needs. The slogan of the striking workers is, "Keep German mines open; the world needs food."

Potash refers to compounds of potassium used mostly for fertilizers, as well as for manufactures such as soap and glass. Potassium (K) is one of the three essential macronutrients needed by plant-life in large quantities; the others are nitrogen (N) and phosphorous (P).

Even the crudest surveys by statisticians for the U.N. Food and Agriculture Organization (FAO) show that world use of NPK fertilizers, and also micronutrients (magnesium, boron, etc.), is way below what is necessary for soil fertility, good crop yields, and food output.

Depending on types of soils and crops, about 40-250 pounds (measured in potassium oxide equivalent) of potassic fertilizer per acre should be applied periodically for best soil management. Plants requiring a relatively high quantity of potassium are bananas, corn, and sorghum.

Yet globally, production of potash is going *down*, not up, falling by 22% from 1988 (the peak year) to 1992. In 1988, global production was 31,892,000 metric tons. Last year it was only 25,035,000 metric tons.

This is a result of the depression breakdown of the world economy. Yet

what do the London financial and commodities brokers, such as the British Sulphur Corp. Ltd., and cohorts such as New York-based Goldman Sachs, say? There is an *overcapacity* of potash production. Meanwhile, they have positioned themselves to profiteer from scarce supplies.

This year, for the first time ever, Canada will be the top potash-producing area of the world, accounting for over 30% of yearly output. In part this reflects the extent and purity of the Saskatchewan deposits. But more importantly it reflects Anglo-American financial maneuvers to exert monopoly control over this resource, while knocking out mines elsewhere.

Canada only came to be developed as a potash producer in the 1970s. The Soviet Union then led the world in potash output, accounting for 35%. East and West Germany together accounted for the second-largest volume of potash production, about 20% combined.

The third-ranking producers, such as France, the United States, and Israeli and Arab producers from the Dead Sea, account for only about 1-7% each of annual global output. The Third World nations have next to no potash production capacity.

Yet, instead of becoming an asset for the world food chain, the Canadian mines are being used as a control mechanism by Anglo-American interests to restrict output, and in particular, to pressure the Germans to shut down their significant production capacity.

Originally, the Saskatchewan potash deposits were mapped in the 1940s, and then developed by U.S. and Canadian entrepreneurs in the

1960s and 1970s. But in the 1980s, London financial interests moved in to control this vital resource. They operated through the Canadian Crown Corp., through federal and provincial channels, and also through Rio Tinto Zinc, a British commodities cartel company. Rio Tinto also bought out two relatively new mines in New Brunswick, Canada.

These companies in turn formed a sales combine, called Canpotex, to sell Canadian potash, and "set the market" for the world.

Aiding the London takeover has been the drastic decline in potash output in Russia, Belarus, and Ukraine. Production from these areas was 10,232,000 tons in 1989. It fell to 8.8 million in 1991, down to 8.2 million last year, and is expected to be little more than 7 million tons this year. In the past, peak output of Soviet potash was used domestically and also exported.

Then came a period when so-called perestroika potash was exported. Fertilizer intended for domestic use would be dumped in western Europe, giving the "free marketers" who brokered these sales big bucks. Attempts to stop this by the Russian export agency Agrochemexport have been ineffective. European Community officials passed an anti-dumping motion against Russian potash.

To attempt to limit German production, Goldman Sachs and the German Treuhandanstalt (the agency overseeing the disposition of former communist East German state firms), devised a dirty deal in December 1992 to merge the east German mining company Mitteldeutsche Kali AG with the potash division of the giant BASF chemical company, on condition that Bischofferode and other mines would be shut down. It was this that provoked the potash miners to launch their historic strike.

Post-flood crop losses mount

Fungus, soggy soils, and cool temperatures rob the world food chain in the wake of July floods.

In a feature survey in the Aug. 20 issue, we showed that the losses of the U.S. corn crop already sustained as of Aug. 1, because of the nine-state corn belt floods, would yield a national corn harvest of 7.4 billion bushels — on condition that everything went right from Aug. 1 to harvest. And because this would not happen, the expected corn harvest instead would sink by millions of bushels more each week. What can be expected are losses on the scale of the drought disaster years of 1988, when corn output fell to 4.93 billion bushels from 7.131 the year before; and 1983, when corn output fell to 4.166 billion bushels, from 8.235 billion in 1982.

Moreover, the loss of harvest potential in 1983 applies to soybeans, wheat, barley and every other crop in the region.

Yet the U.S. Department of Agriculture's Aug. 11 crop survey forecast a corn crop of 7.4 billion bushels, including all the projected contingencies between now and harvest time. Events are showing that the USDA is dead wrong; and this means crisis for the food chain.

In Indiana — part of the eastern cornbelt that was not hit by the Missouri-Mississippi basins July flooding — torrential rains fell in August, causing flash floods on Aug. 17. Thousands of acres of corn were hit.

In Iowa, the corn crop that was not hit outright by floods or ponding is now showing the ill effects of waterlogged soils. The ears are not filling out, and what kernels are there, will be small. This results from the inability of the corn plants to take up nitro-

gen. Though the farmer may have applied nitrogen fertilizer, the plants cannot get access to it because some of the nitrogen has volatilized, or otherwise become tied up as nitrates.

For example, in what are considered the best fields in Keokuk County, southeastern Iowa, the crop looks excellent "from the road," but when you examine the ears and kernels, it is evident that the yields will be very low. Early frosts are likely, which will drastically reduce the crop.

The spring wheat and barley picture is equally grim. In the Red River Valley area of Minnesota, and the Dakotas — the center of these crops — a fungus is widespread, causing "vomitoxin" that can make the grain unfit for consumption. Another problem is a scab which turns the grain pink, and makes it lightweight. Levels in wheat shouldn't exceed 2 parts per million if it is to be milled for human consumption, or 4 ppm if for animal feed. But vomitoxin levels ranged from 4-25 ppm in grain submitted for testing in mid-August.

In mid-July, 61% of the crop was rated good to excellent in Minnesota. In mid-August, that rating fell to 18%. The Aug. 11 crop report estimated that Minnesota's spring wheat crop lost 10% of its harvest potential in July. The potential is still falling. The price jumped a measly 12.5¢ at the grain exchange Aug. 17.

Despite this picture of continuing damage, prices for corn have gone down to \$2.15 a bushel; and for soybeans, have dropped from \$7.50 down to \$6.85 a bushel. These low prices, in turn, are about half of what

is a parity price — a fair price to the farmer, to enable him to capitalize future crops.

Rather than publicize the national and international emergency this crop disaster portends, the media and federal officials have been minimizing the consequences. National television publicizes Hollywood stooge Willie Nelson, playing a "friend of the farmer" role, holding benefit concerts to raise pennies for flood-stricken farmers.

The U.S. losses of harvest potential already confirmed as of Aug. 1, add up to a strategic blow to the world food supply. An estimated 15 million metric tons of U.S. corn are knocked out for certain. This represents fully 30% of the 48-50 million tons of corn that the U.S. has been exporting each year in recent years. Look at the destination of U.S. corn exports in light of the rate of loss of U.S. harvest potential:

- Japan. In recent years, Japan has imported fully 13 million metric tons (mt) of corn each year on its own.

- Former Soviet Union. Typical annual corn exports to the Soviet Union in the late 1980s stood at 13 million mt. Now those countries have no means to pay, but the need for the grains is even greater.

- Mexico. This country has been ordered by the financial backers of "free trade" to abandon its own corn output, and rely on the United States. From 1985 to 1990, the percent of U.S. annual corn exports going to Mexico rose from 5% to 10%, reaching 4.611 million mt in 1989.

- Western Europe. Typically over 2.8 million mt of U.S. corn have been exported to the European Community each year.

In the U.S. domestic food chain, corn shows up everywhere from meats and poultry, to oils and dressings, to corn sweeteners.

Business Briefs

Saudi Arabia

Oil-rich kingdom facing major financial crisis

The Kingdom of Saudi Arabia is facing a rapidly deteriorating internal financial crisis of an unprecedented dimension, City of London oil and banking sources have told *EIR*. This assessment was also covered in the Aug. 14 London *Guardian*.

According to sources, Saudi Arabia was recently the subject of a highly classified U.S. government inter-agency meeting to discuss possible downgrading of the kingdom's current top-grade credit rating. The Federal Reserve pressed strongly for a downgrade, but was stopped for the time being because of intense opposition from U.S. Treasury Secretary Lloyd Bentsen. A downgrade would force U.S. bank lenders to Saudi Arabia to sharply increase loan loss provisions for Saudi loans.

"The Saudi share of total Gulf war costs comes to some \$60 billion. As well, they have been hit by the steady fall in world oil prices," said one London analyst. "To make matters worse, during the 1980s the Saudi government was convinced by their American and British financial advisers to invest a large share of Saudi oil earnings in global real estate. Those assets are now mostly illiquid or in default. The matter is being regarded in Washington with considerable alarm as Saudi Arabia has been a key financial prop for U.S. Treasury markets since certain covert agreements made during the time of [former Secretary of State Henry] Kissinger."

Environmentalism

Polish group says: Go nuclear for cleaner energy

The Polish Nuclear Society has issued a statement calling for replacing some of Poland's coal-fired plants with nuclear plants for environmental reasons, the August issue of *Nuclear Energy INFO* reported.

Coal plants, none of which have pollution-

control equipment, account for 96% of Poland's electricity, and contribute to its severe pollution problems. Poland stopped construction on its first nuclear plant in 1990.

The statement discussed the impact of international efforts to reduce carbon dioxide emissions, saying that "an unavoidable consequence . . . would be the need to replace coal-fired plants with nuclear ones." The statement noted that western help would be needed to counter the "distorted perception of nuclear power and its usefulness to Poland."

Trade

EC restricts aluminum imports from CIS

The European Community has decided to restrict imports of aluminum from the Community of Independent States to 60,000 tons until the end of November 1993. This protectionist move reveals the inner contradictions of "free trade."

While Russian industry and aluminum consumption are collapsing, Russia is flooding western Europe with cheap aluminum. Since 1989, Russian aluminum exports into the EC have increased from 147,000 tons to 529,000 tons in 1992. European aluminum producers are complaining that Russian aluminum is much cheaper because of "artificially low energy prices" and a lack of environmental safety measures.

The Aug. 11 London *Financial Times* reported that the Russian ministry for foreign economic relations is protesting that "restrictions on aluminum imports from Russia contradict numerous declarations of Community representatives about support for Russian reforms and trade liberalization." The main trader of Russian aluminum exports is financial speculator Marc Rich.

The main European aluminum cartels (the German VAW Aluminum AG, the French Pechiney SA, and the European Aluminum Association) have welcomed the EC declaration. Included in the EC decision is all Russian aluminum which reaches the EC via third

countries. This measure is particularly aimed against the Russian aluminum on the London Metal Exchange.

It is expected that cheap Russian aluminum will increasingly be directed toward the United States. Aluminium Company of America (ALCOA), the world's biggest aluminum cartel, has already announced that it will act "to protect ourselves" against this "unfair trade."

However, Paul O'Neill, the chairman of ALCOA and "a fervent free-trade advocate" according to the *Financial Times*, is "extremely disappointed" by the EC decision. He warned, "The EC's move would certainly increase trade friction and might force the U.S. industry to ask its government to take retaliatory action."

Public Health

Quarantine of HIV cases gaining support

Cuba's policy of quarantining those infected with HIV, the virus that causes AIDS, was praised by the Aug. 11 *Washington Post*. Heretofore, the suggestion of quarantine measures to deal with the AIDS epidemic has been vilified by the liberal press as "concentration camps."

The paper reported on "Cuba's unusual approach to keeping the AIDS virus from spreading." Author Douglas Farah, who visited El Maranon, one of 13 sanatoriums for HIV-positive people in Cuba, wrote, "The strategy consists of providing the infected with medical treatment and a special diet, while limiting their ability to transmit the disease by limiting their contact with society at large." According to the head of epidemiology at El Maranon, Rigoberto Torres, "So far we have an arithmetic progression in cases, not a geometric progression like you see in most countries."

Despite severe economic hardships in Cuba, the expensive regimen, which costs \$38,000 per patient per year, has been maintained. Cuba has an aggressive testing program, and those who test positive are pres-

Briefly

● **THE GERMAN STEEL** industry continues its collapse, with production expected to fall by more than 10% and consumption by 12% in 1993 compared to 1992, the *Steel Report 1993* of the German economic institute RWI reports. More than 50,000 steel workers will lose their jobs by the end of 1994.

● **A MEMBER** of the Group of 30, a front for Morgan and other leading banks, and the world's central banks, admitted to *EIR* that financial derivatives could lead to a meltdown of the world financial system. In July, the group released a report which whitewashed the danger posed by derivatives trading.

● **SULFUR MINING** is in depression conditions in the United States, the Aug. 12 *Houston Chronicle* reported. The main reason for drastically declining prices and layoffs is that sulfur is mainly used in the production of fertilizer. India and China, for example, two of the biggest importers of U.S. fertilizer, have cut their imports in half.

● **FRANCE** is aging, *Le Figaro* reported Aug. 11. The latest census (for 1990) reveals that there are 1 million more people under the age of 20 than 15 years ago, and 3 million more over 60 than 30 years ago. Those over 60 represent 11 million, or one-fifth of the population of 56.6 million.

● **THAILAND** has approximately 600,000 cases of HIV infection, the *Neue Zürcher Zeitung* reported Aug. 12. At the current rate of growth of the AIDS epidemic, by the year 2000 Thailand will be spending \$2 billion a year to care for the AIDS-infected.

● **MEXICO'S DEBT** is at its highest point in history, \$111.2 billion, the Bank of Mexico announced Aug. 9. The figure is 34% of Gross National Product. The news comes like a bucket of cold water to those who rejected *EIR's* analysis of the Mexican economy and advice against International Monetary Fund policies.

sure, but not forced, to live in the sanatoriums. Those who had salaries are provided 100% of their former salaries; those without salaries are given half of the minimum salary. Study or work of up to four hours a day is permitted. Patients are allowed out on accompanied visits.

A high-protein diet of 4,000 calories a day is provided—far more than the food ration available to the general population. "If any symptom appears . . . in consultation with the doctors, each patient chooses from an array of treatments, including interferon. Medicine is free and when the disease progresses to AIDS, the person is transferred to a Havana hospital."

However, there is no crash program to stop AIDS, and Cuba has a continuous "public health campaign promoting the use of condoms and other safe-sex practices, especially among adolescents."

Infrastructure

Businessman pushing Eurasian rail projects

French businessman Michel-Edouard Leclerc is mobilizing support for a proposal to build high-speed rail (TGV) networks from Paris to Johannesburg, South Africa, and from Paris to Beijing via Moscow, as a way of creating millions of jobs and solving the problem of unemployment, especially among immigrants, in France. The proposal is being advertised on posters that have been put up all over Paris.

Leclerc is the owner of the Leclerc supermarket chain. The posters show maps of Europe and Africa, and Europe and Asia, with TGV rail networks shown along the Paris-Johannesburg and Paris-Moscow-Beijing routes. The advertisements claim that perhaps as many as 21 million jobs could be created through such a rail-building program. One of the posters shows a TGV rail line and a space shuttle together, to communicate the idea of an overall reinvigoration of French technological and infrastructural capabilities.

Earlier this summer in the daily *Libéra-*

tion, Leclerc called for spending 6 trillion francs (over \$1 trillion) on infrastructural projects, arguing that the repayment of the loans which would be needed for such projects would come from "the transfer of the current cost of unemployment" compensation.

Health

Vaccine-resistant cholera strain spreads

The vaccine-resistant new strain of "Bengal cholera" has now been confirmed to be found in Thailand, and threatens a global epidemic, according to the World Health Organization and the U.S. Centers for Disease Control. Doctors in Thailand wrote a letter to the British medical journal *Lancet* saying that Bengal cholera had been found in Bangkok.

A group of researchers in Bangladesh wrote in *Lancet*, "It is important that other countries . . . are aware of the strain's potential to cause severe morbidity and mortality." Infection with older strains of cholera does not make people immune to the new strain, health authorities report. Most cases are adults.

Two U.S. researchers warned that the new strain could start the eighth cholera pandemic.

The new strain, which cannot be detected by standard laboratory techniques, was first discovered in eastern India and Bangladesh a year ago, and there have been at least 100,000 cases. One non-fatal case of the cholera has been detected in the United States, in a woman who had been in India. Another case occurred in Berlin. About 17 cases of cholera have also been found in Russian cities in recent months, although it is not confirmed if these are the "Bengal cholera" strain. Russian Deputy Health Minister Anatoli Monisov said that the cholera was brought into Russia from India, Pakistan, and Turkey.

The cholera pandemic which struck South America and Africa in recent years was caused by the "El Tor" type of cholera bacterium, which can survive for a long time in water. Laboratory tests suggest that the new cholera strain is even harder than the "El Tor" type and can survive longer in water.

Russia's rulers revert to 'Third Rome' outlook

by Michael Liebig

This analysis was first presented as a lecture in a series of classes held on July 31 in Paris, France by the International Caucus of Labor Committees, a philosophical association founded by Lyndon LaRouche.

Over the past months the French media reported extensively about the “Nouvelle Droite” (“New Right”) and “National Bolshevism” ideology becoming a major force in post-1991 Russia. Intense concern about a Russian variety of neo-fascism is also expressed elsewhere. Probably the most extensive study on that subject is Walter Laqueur’s 1993 book, *The Rise of Russian Fascism*. Certainly Nouvelle Droite-type ideological and political trends do exist in Russia. But I would advise caution about the strength of the influence they exert. I remember well the intense media campaign in France during the late 1980s about the dangerous rise of the neo-fascist Pamyat group in Russia with their black uniforms and anti-Semitic provocations. But today Pamyat is obviously insignificant, and it never was significant.

To state this from the outset: I think that the *importation* of fascist and proto-fascist ideas into Russia today is *not* a major factor. The ideologies of Alain de Benoist, Julius Evola, Friedrich Nietzsche, and the German “Conservative Revolution” group of the 1920s, are not and will not be playing a major role in the inevitable and massive political and social dislocations that will occur in Russia in the next two to three years. Indeed, Russia does not need any such ideological imports, because the *Russian* reservoir of ideologies that “fit” the political requirements of the coming years, *is already there*.

A few weeks ago, Lyndon LaRouche pointed to his 1983 prognosis that under certain circumstances, post-communist Russia would tend to slip back into its historically rooted “Third Rome” matrix. How can the Third Rome matrix be defined? Fyodor Dostoevsky provides a useful definition in his *Diary of a Writer*: “Under no circumstances can a Russian be converted into a real European if he



“Under massive Anglo-American pressure, ultra-liberal ‘shock therapy’ was implemented in Russia, leading inevitably to mass pauperization, deindustrialization, and hyperinflation.” The Aug. 11 Literaturnaya Gazeta, a Russian weekly, showed this line at a bread shop.

remains the least bit Russian. And, if this be so, it means that Russia is something independent and particular, not resembling Europe at all, but important by itself. . . . Every great people, if it wishes to live long, believes that it and it alone harbors the salvation of the world — that it only lives in order to stand at the head of all peoples, to assimilate them into itself, and to lead them.” The Third Rome matrix signifies a world-view in Russia which not only emphasizes the “otherness” of Russia vis-à-vis western Europe, but which invests Russia with an inherent, quasi-messianic superiority over a decaying, historically doomed West. It expresses itself in a rather undifferentiated, sometimes simmering, sometimes open hostility against “the West.” The Third Rome matrix is based on the Byzantine model of an all-dominating state, and emphasizes the collective over the individual.

The window of opportunity

Obviously, Russia’s slide back into the Third Rome matrix is not inevitable or pre-determined. Between 1989 and 1993, there was a historical “window of opportunity” for Russia to engage in a process of post-communist economic and intellectual-spiritual reconstruction, through which it could have transcended the Third Rome matrix. From 1989 on, the LaRouche “European Productive Triangle” reconstruction package has been available. Some leading establishment figures like Deutsche Bank head Alfred Herrhausen thought in a similar direction. But LaRouche was imprisoned, and Herrhausen murdered. Under massive Anglo-

American pressure, ultra-liberal “shock therapy” was implemented in Russia, leading inevitably to mass pauperization, deindustrialization, and hyperinflation.

After George Bush was gone, President Bill Clinton and his Secretary of State Warren Christopher said in the spring of 1993 that Russia’s fundamental economic and social crisis was “the greatest strategic challenge of our time.” But nothing came out of those declarations; the International Monetary Fund (IMF) policies toward Russia and the other states of the former Soviet Union were not changed. At the April Clinton-Yeltsin summit meeting in Vancouver, the Russian government offered joint cooperation on ballistic missile defense systems based on “new physical principles.” American acceptance of that offer could have meant giving Russia’s modern, high-tech military-industrial complex (MIC) the perspective of playing a “constructive” role both nationally and in international cooperation. American acceptance could have been a critically important contribution to making the MIC a kind of productivity locomotive for the reconstruction of the entire Russian economy.

Two global-strategic dynamics

But the United States government declined the offer, and by now, in July, there are growing indications that Russia has withdrawn its “Strategic Defense Initiative”-type cooperation proposal. What we can say with certainty, is that the Russian proposal has repeatedly and strongly been denounced in leading Russian media since April.

LaRouche explains the 'Third Rome' matrix

The following are portions of an Aug. 11 "EIR Talks" radio interview with Lyndon LaRouche, who is a political prisoner because of the role he played in the early 1980s attempt to shift the economic and cultural matrix in the Soviet Union. He was interviewed by Mel Klenetsky.

EIR: Mr. LaRouche, you were discussing the Clinton administration's giving up, in terms of taking control of strategic and foreign policy because of its relationship with Britain and France.

LaRouche: The issue here is, focus on the balance, for example, between the Balkans and what is happening in Russia.

As my wife Helga said, and as I have discussed this with her, it makes no difference what Clinton does to attack the Serbs or not attack them militarily in former Yugoslavia; that what the United States *fears* will happen in Russia, *will happen anyway*. . . .

The United States has lost Russia, just as surely as some pro-British meddlers in the State Department and elsewhere back in the late 1940s, gave China to the communists. I don't accept the Joe McCarthy version of that, of course, but there was a very large element of truth in that, that the United States brought the communists to power by supporting British policy on that issue back in the 1940s.

The United States has bungled under George Bush — and Clinton has yet to undo that bungling. George Bush created a situation in which once the Iron Curtain had fallen, instead of opening the world to cooperation and development, and the road to durable peace, through the economic policies of George Soros and others, which the United States and others imposed upon Russia and eastern Europe, the United States has driven Russia into a mood of bitter hostility against the West again.

What is coming back in Russia, is *not* a communist power, but a Great Russian power — *as I warned these guys* under the Reagan administration back in 1983 to 1985. I repeatedly warned them: I said, you are going to see the fall of communism, but you are going to see, if you continue these kinds of policies, the danger of the return of Russian power, a thermonuclear power, in the form of a Great Russian/Third Rome government.

That is going to tend to happen *anyway*; it is too late to simply reverse that. We can only *shape*, or *tend to shape*, what that development *is* at this stage. We have thrown away our options. Bush did the most of it. But the Clinton administration, by failing to act to correct this Bush error, by tolerating the shock therapy, by tolerating George Soros, by not taking action in the Balkans, allowed the Bush program to continue, and that sent us down into this road. . . .

EIR: Mr. LaRouche, the figure of Solzhenitsyn is recently emerging in Russia. He represents a critique of the West, very knowledgeable about the West. He pushes such figures as Stolypin and Dostoevsky. Of course, you have promoted Witte, who represents a different tendency than Stolypin.

Solzhenitsyn claims that the territory of Russia includes not only Russia but Ukraine, Belarus, and Kazakhstan.

What is the difference between what Solzhenitsyn represents, what Stolypin represents, and your view of how Russia has to go in terms of the policies of Count Witte, and what is the significance of this in terms of the strategic breakdown you've just been describing?

LaRouche: There are two aspects to be considered, in respect to what Solzhenitsyn is saying.

First of all, Solzhenitsyn and I have been crossing paths on this since the middle of the 1980s. Solzhenitsyn once made a public statement in a meeting in Washington, stating that I was the only one advising the Reagan administration who seemed to understand the Russian situation. That was in response to my warnings that Russia was headed toward a transition through crisis from Bolshevism

A spring 1993 shift of the West's economic policy toward Russia would also have meant adopting an anti-depression strategy for the crisis-ridden *western* economies, and even at that late point could have created a historical singularity whose effect would have been to redirect the basic strategic course in Russia — and the West. Sadly, it did not happen, and short of some miracle, the 1989-93 window of opportunity is now closed. Therefore, we have to assume that the global strategic situation in the coming months will be deter-

mined by two fundamental, interacting processes:

- A phase-change in Russia with the emergence of a Great Russian regime, based on a Third Rome matrix, which will try to restore formal or factual domination over all the successor states of the former Soviet Union;
- Dramatic upheavals on the globalized financial derivatives markets.

The two processes are closely interconnected. The IMF shock therapy policies were "exported" to Russia by the same

to a non-Bolshevik, Third Rome Russian empire.

Solzhenitsyn, of course, is intellectually a literary, not merely a literary but essentially a literary proponent of the Third Rome. That is, he understands the modern literature which shapes those aspects of the Russian culture which tend toward Third Rome; and that is what he is talking about when he talks about Dostoevsky, who is a prime Third Romer, and people like Stolypin.

The issue is this.

The Russians are not being moved today by Stolypin or Dostoevsky. One must not read that in. Those are only symptoms, they are not causes.

The Russians are moving to a Third Rome for reasons I indicated over 10 years ago. The Russians are reacting to certain axiomatic assumptions, which most Russians accept in their bones; and they are reacting to the crisis on the basis of those assumptions. Those assumptions produce results, in terms of policies, which in the mind of the literary observer, correspond to the same kinds of thinking one can read in the diaries of Dostoevsky.

EIR: Mr. LaRouche, you have been talking about the Third Rome. What is the Third Rome, and what are these assumptions that you have been discussing?

LaRouche: Following the collapse of Charlemagne's order in Europe, which occurred as a result of what was called the New Dark Age in European history, that's covering the very late thirteenth century and up to the middle of the fourteenth century, there erupted throughout Europe a policy impulse for the creation of a new Roman Empire, because Charlemagne's Holy Roman Empire had sort of taken that place.

This erupted in Russia beginning the middle of the fifteenth century. By about 1510 A.D., a Russian monk by the name of Philotheus of Pskov issued a statement like a prophecy which became the basis for the existence of the czarist government under a number of people of the sixteenth century, including Ivan Grozny, the famous Ivan the Terrible.

This has always been, as Dostoevsky, for example, celebrates it, the conception that Russia will be the third

and the last and everlasting version of a worldwide new Roman Empire. The very title of czar, which is Russian for Caesar, was adopted in the sixteenth century by the princes of Muscovy to identify this Third Rome imperialist thrust deeply embedded axiomatically in Muscovite culture, embedded in the bones of virtually every peasant in Russia while they are attached to this monarchy.

So what has happened, with the collapse of Bolshevism, the failure of Bolshevism from the Russian standpoint, the Russians go back to the axioms which existed before Bolshevism, and which shaped such Bolshevik figures as Stalin. Stalin, for example, was a combination of a Bolshevik *and* a Third Romer, especially so in the 1930s and 1940s, into the 1950s.

But that's what we're talking about.

The alternative is, what kind of a breakdown, and what kind of a Third Rome are you going to get? Not necessarily a Third Rome Russian Empire, but what kind of a Third Rome Russian government? Are you going to get what Solzhenitsyn represents, a sophisticated version of this kind of thing? Are you going to get an Ivan Grozny, the emergence of figures who remind us of Ivan the Terrible or Stalin in his Third Rome period? Not Bolsheviks, but Great Russians? Or are you going to get something else?

The only choice we have, as a United States or western Europe, is to contribute policy inputs which tend to cause Russians to make a rational choice of what kind of new Russia they are going to put together; and to exercise some tolerance and moderation toward peoples within the former Soviet Union, in the process.

We can do that, if we would dump George Soros and our IMF [International Monetary Fund] conditionalities and free trade, etc., policies. We could take a much more positive policy, by playing up Germany in Europe as the instrument of an international policy, to get some economic development going in all of eastern Europe, and to offer that kind of cooperation to Russia, as opposed to the kind of program which was shoved down Russian throats through Bush and Bush's — as you might say — patsy, the former dictator, Mikhail Gorbachov.

Anglo-American forces who are promoting the vast financial derivatives speculation in the West. Probably even before the end of 1993, the economic and social devastation generated to a large part by IMF shock therapy policies will reach the limits of what is endurable even for the Russian population. The economic breakdown crisis also threatens the political-administrative cohesion of the Russian Federation. Under these domestic conditions, Russia's military-security *nomenklatura* is likely to move toward a new regime. I think a direct

replay of August 1991 with tanks rolling through Moscow can be ruled out. The German word *Wende* [meaning a sudden turn or transformation — ed.], which is used to describe the late-1989 regime changes in eastern Europe, may be more appropriate to characterize what is likely to happen soon in Moscow. Something more quiet, but probably much more efficient than August 1991 should be expected. I think that the dramatic escalation of the *institutional crisis* in Moscow since mid-July 1993 is the beginning phase of such a *Wende*.

The battles over ruble exchange rates and other economic and financial policies, the corruption wars, the fight over the Constitution, the restorationist policies toward the other ex-Soviet states, are all predicates of this ongoing *Wende* process.

Obviously, a change in regime in Moscow will have major political and economic-financial repercussions in the West. The new regime would move to dismantle most of the post-1992 domestic economic policies. But I do not believe that they would try to restore the communist economic system. Simultaneously, the new Russian leadership would relentlessly pursue a policy of regaining control over the other ex-Soviet republics, most notably the Baltics and Ukraine. The emerging Russian leadership is also closely following the growing indications of a major upcoming derivatives crisis on the western financial markets. Moscow sees that the West is sliding ever more deeply into the second great depression of this century.

It must be assumed that the emerging Russian regime will try to exploit a financial eruption in the West to their maximum advantage. A financial crisis may influence the timing and mode of the coming *Wende* in Moscow. It certainly would have an impact on international regional conflicts such as the Balkans, and it would shape Russian moves in the ex-Soviet "sphere of influence." Here the question of Ukraine's nuclear weapons is of particular significance.

The nomenklatura's calculation

In trying to understand the emerging new Russian leadership, one should consider one important question: Why did the Russian leadership ever tolerate IMF shock therapy policies in the first place? It is certainly true that the West forced these policies upon an economically super-weakened Russia. It is likewise true that many Russian leadership figures were bribed by western financial interests in the crudest possible terms. But why wasn't there more real resistance?

The answer: The Russian *nomenklatura* coldly calculated that the acceptance of IMF shock therapy policies would serve their *caste* interests. By the term *nomenklatura*, we do not mean primarily a *Communist* top bureaucracy, but rather the state elite in the military, the security apparatus, the administration, business directors, and top scientific layers. The implementation of IMF shock therapy policies permitted the *nomenklatura* to enrich itself economically as a caste. An estimated \$100 billion has been set aside since the mid-1980s, most of it going into western bank accounts. With the post-1992 hyperinflation, that money could be used to build up entrenched economic-financial positions at the nerve centers of the Russian economy. So the *nomenklatura*, whatever internal friction there may be, has consolidated itself as a "corporatist-capitalist" caste. The *nomenklatura* knew that IMF shock therapy policies would completely discredit "western capitalism" as a whole, including some perfectly reasonable western economic policies as they still sporadical-

ly exist in Japan, Germany, and France. The Russian population would be increasingly disappointed, and finally become enraged at the West. That condition has now been reached. The parallel enactment of similar IMF shock therapy policies in the other ex-Soviet republics naturally weakened them economically, socially, and politically, thus increasing Moscow's leverage for regaining control over them. The events of this summer in eastern Ukraine and the Baltics are symptomatic in this respect.

Solzhenitsyn's world-view

An excellent insight into the *mainstream* political-ideological basis of the emerging Russian regime is, in my view, provided by Aleksandr Solzhenitsyn. He is an accepted moral authority in Russia. He is an internationally recognized writer, and the substance of his literary work stands above almost everything written in the West during the past 50 years. Solzhenitsyn was a courageous anti-communist dissident, who in his literary work exposed the communist regime's murderous crimes. For this, he was prosecuted and driven into exile.

At the same time, Solzhenitsyn is unquestionably a *Great Russian nationalist*. He can credibly claim that he knows Russia *and* the West. During his 20 years of exile in Germany, Switzerland, and the United States, he gained deep inside knowledge of western politics, social behavior, and culture. Now he is planning for his return to Russia, which in and for itself could become an event of great political significance.

I'm no expert concerning the literary work of Solzhenitsyn; in the following I refer to his essay, "Russia's Way Out of the Crisis," of which more than 20 million copies were printed in Russia in 1991, and to his March 1993 "Open Letter."

First, what is Solzhenitsyn telling his fellow Russians about the West? He says that:

- The West is absorbed by financial greed, excessive consumerism, and materialism.

- "Financial centers" tend to be the "secret masters" in the West, engaging in "parasitical usury" and creating inflation.

- Russia must be on guard against "western capitalists" who will tend to exploit Russia's natural riches and may turn it into a "humiliated colony."

- The West's population, especially its youth, are morally corrupt through the "amoral, rotten pop mass culture" and exposure to television.

- Western cultural elites are dominated by "American cultural imperialism" and "western intellectual garbage."

- The West has lost its Christian roots, has become non-religious, and is devoid of real spirituality.

- The West has lost its spiritual link to the soil and to nature.

"It is disgusting that the currently dominant popular intellectual pseudo-elite laughs at the absoluteness of Good and

Evil, and instead replaces it with the 'pluralism' of ideas and actions. Original European democracy was based on Christian responsibility and self-discipline. But increasingly these spiritual foundations have vanished. Intellectual independence is being curtailed, is being distorted by dictatorship, banality, fashions, group interests. We see democracy not exactly in her most healthy epoch."

Obviously, most of his analysis of the present condition of western society is perfectly correct. But Solzhenitsyn is not just telling his fellow Russians that the West is on the way of self-destructive decadence; he praises "civil liberties, respect for the individual, private initiative, prosperity, and mobility," as well as the social-economic middle class in the West.

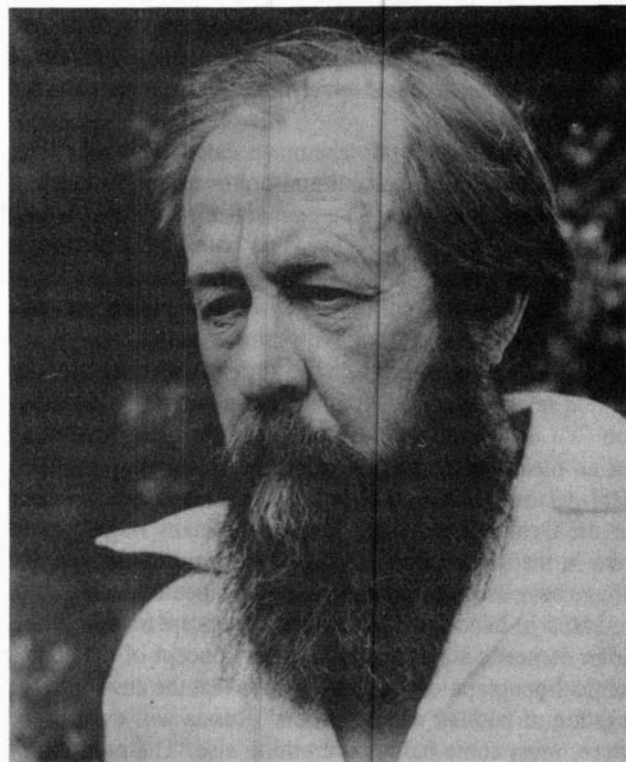
The Russian way of democracy

Then Solzhenitsyn quotes Fyodor Dostoevsky saying that democracy "is the most unreasonable invention of the nineteenth century." He does not disagree, but simply adds, "in any case, democracy is *no* natural law." Russia should carefully think about democracy, instead of making it a "fashionable" absolute, forgetting that did *not* mean rule of "truth," but at best of "mediocrity."

Again, one can hardly disagree that pure democracy breeds the tyranny of mediocrity or worse; but then comes his argument that democracy is questionable, because "for the majority [of the Russian population] politics is something they definitely do not desire to engage in." Or, "The [Russian] people have a right to power, but the people do not want power. Only 2% have the desire for power; before all else, *they want order.*" Again and again, Solzhenitsyn warns that it was democracy which in the "unfortunate eight months of 1917" paved the way for the ensuing communist dictatorship.

A "strong presidential authority" and "discipline" are the true fundamental necessities for Russia today," he says. The Russian people "are in *no* way prepared for the complexities of democratic life" which can only be introduced in a "step-wise, patient, and stable" manner. In Russia, "Democracy cannot simply be proclaimed loudly and rigorously rammed through from above." The only appropriate place for democracy in Russia, says Solzhenitsyn, is "local self-administration." From there, democracy can slowly "work itself up to the state government level." Solzhenitsyn strongly criticizes Count Sergei Witte for denying the compatibility of Czarist autocracy with local self-administration. For Solzhenitsyn, the best and only way to rule Russia is precisely that combination of a centralized authoritarian regime with democratic local self-administration. The one political figure in Russia's history to whom Solzhenitsyn refers repeatedly and positively, is Pyotr Stolypin. For Solzhenitsyn, Stolypin embodies the strong, ruthless, and authoritarian "reform leader."

With all due caution, and taking into account that Solzhenitsyn does take a differentiated attitude toward European culture, one nevertheless must conclude that his understand-



Aleksandr Solzhenitsyn

ing of the historical-cultural foundations of western European-Christian civilization is very limited. He does say that today's western leaders and people have rejected and betrayed their own cultural roots; but he does not grasp these roots beyond a limited, pragmatic understanding. It seems obvious to me, that the core concepts of Augustinian Christianity (as opposed to the Byzantine tradition), the Renaissance, Christian humanism, and the 1438 Council of Florence and what flowed from that afterward, are very *distant*, if not *alien* to Solzhenitsyn. I know of no explicit endorsement by him of Russia's mission as the Third Rome, but implicitly it clearly permeates his thinking. Solzhenitsyn does repeatedly and positively refer to Dostoevsky, not for his novels, but for his political-cultural philosophy. It is impossible to miss Dostoevsky "shining through" Solzhenitsyn's political-cultural views. One realizes this more clearly, once one looks at the *political conclusions* that Solzhenitsyn is drawing from his philosophical basis.

Great Russian restoration

Solzhenitsyn says, "Oswald Spengler has correctly pointed to the fact, that in *different cultures* the meaning of the state is different. It is not determined by the 'best form of government' which a great culture would adopt — one might think — from another culture. Montesquieu says that each *form of government* corresponds to a specific *territory*; a state cannot adopt a form of government that does not correspond

to the size of the territory. For a specific people with its own *geography*, its *traditions*, its *psychological habits*, a form of government must be found which allows it to prosper and not to degenerate."

An Open Letter by Solzhenitsyn dated March 7, 1993 also illustrates the implicit cultural-political Third Rome matrix of his thinking: "Russia . . . cannot exist without a strong presidential power. . . . What is at issue is *not* President Yeltsin or the present composition of the Supreme Soviet; at issue is a long-term policy, an agreement which prevents Russia from tottering from every gust of wind. . . . When people have been thrown into the abyss, is it really time for garbled referendum questionnaires or clauses of a constitution . . . or having meetings months after months working out an ideal constitution? During the entire year of 1917, ideal electoral laws were elaborated, and finished just in time for the October coup. . . . Hasty politicians wage furious wars in the stratosphere. . . . In the meantime, chaos and pillage have assumed a massive, unprecedented scale."

Hand-in-hand with Solzhenitsyn's concept for an authoritarian domestic state structure, is his concept of the state's political-geographical design. He says that the answer to the question of within "which borders" Russia will exist in the future, must come before everything else. The question of state borders circumscribing Russia's *soil* is of supreme importance to Solzhenitsyn: "Soil has for men not just an economic but a moral significance. Gleb Uspensky and Fyodor Dostoevsky have convincingly written about that. The decreasing linkage between the people and the soil is a great danger to the character of a people." For Solzhenitsyn, "our thousand-year history" and "the spirit of our forebears" means that today's Russia must have the borders of the ancient "Rus" or "Rossiya," including the Russian Federation, Belarus (White Russia), Ukraine, and Russian-populated north-central Kazakhstan. For Solzhenitsyn, Russians, Ukrainians, and White Russians are "three branches of one people," which are "inseparable but not the same." All "separatist" conceptions are for him based on a "falsification of history." He passionately deplors the "cruel separation" of the three branches of the Russian people, and foresees frightful calamities were they not to stay together in a "Russian Union." For Solzhenitsyn, historical, demographic, economic, and cultural reasons all demonstrate that such a (Great) Russian Union is the only sustainable way Russia can exist.

Solzhenitsyn does not view such a Great Russian Union as an empire. He thinks that the empire of the Soviet Union meant that the "life blood was sucked out of the core Russian peoples" and domestic development was paralyzed. The "spiritual and physical salvation and survival" of the Russian people have been undermined by the resource drain into the "fringe territories." Russia's cultures cannot survive the "mish-mash" of the Soviet Union. Therefore, the fringe territories — especially the central Asian "belly" — must be sepa-

rated and remain separate from the Russian Union. Only then will the material and spiritual resources be freed for Russia's internal development. Concretely, Solzhenitsyn demands the permanent formal separation of the following areas from the "Russian Union": the central Asian states of Turkmenistan, Kyrgyzstan, Tajikistan, Uzbekistan, southeastern Kazakhstan; the three Caucasus states, Azerbaijan, Georgia, and Armenia; and Moldova. What Russia's relationship to these states would be, Solzhenitsyn does not say. He mentions no spheres of influence or indirect, informal forms of control and domination.

Great Russian generals and geopoliticians may disagree with that latter point, but the basic thrust of Solzhenitsyn's manifesto, in my view, expresses the essence of the *mainstream* thinking and feeling in today's Russia. Naturally that does not apply to the particulars, on which there are certainly great divergencies of view. But I think the mainstream in elite layers *and* the general population "instinctively" thinks in his direction.

The ongoing phase change in Russia

As a result of the past two years' mainly social-economic collapse, the massive disappointment with and rage at "the West" in the Russian elite and general population has probably superseded Solzhenitsyn's position of "drawing the line" vis-à-vis the West. In March 1993 Solzhenitsyn wrote, "within 14 months the Russian people have been thrown into poverty and desperation . . . a massive, irreversible plundering without precedent has set in, a sellout of Russian goods at extremely cheap prices." As we said, the *nomenklatura* accepted IMF shock therapy policies in order to stage their short- to mid-term comeback as the *post*-communist ruling caste. But still they feel deeply hurt and humiliated by the West's contemptuous economic-financial and political attitude toward Russia from 1989-93. The rage is not alleviated by the West's explicit *consent* today for Russia's imperial reconsolidation. The West — the United States, United Kingdom, France, Germany — and Japan have signalled Moscow in no uncertain terms that they recognize the territory of the former Soviet Union as Russia's unchallenged "sphere of interest." Moscow has gotten the "green light" to do what it pleases in this area. But this will not undo the sense of having been deeply humiliated. I was told repeatedly by Russian officials, "We feel we're being treated like Germany was after World War I." There is an underlying, while not yet open, emotional disposition for revenge.

And the Russian people share that feeling of being cheated and humiliated. Their standard of living declined by 50% since the mid-1980s and their existential fears have dramatically risen. The "capitalist market economy" and "western democracy" have ruined their lives, have led to misery, cultural nihilism, and mass crime. The rage is naturally primarily directed against the political leadership *within* Russia that stands for economic disaster and political chaos. But there is

a deeply rooted sense that the present regime "really works for the West" to the detriment of the Russian people. Unfortunately, this is no mere paranoid concoction. The degree of corruption within the present Yeltsin regime is monstrous — which is not to say that the *nomenklatura* opposing the present regime is not also massively involved in corruption, including having large deposits in foreign banks.

But I have the impression that the people in Russia instinctively feel that many, if not most, of the present regime's leading figures, maybe not Yeltsin, are accumulating personal riches by "selling out to the West." They sell out dirt-cheap, as Solzhenitsyn said, Russia's raw materials, scientific-technological know-how, and other resources. That corruption is not the "traditional" intra-Russian type of corruption, but one *by and for foreigners*. Moreover, there is a suspicion that leading figures of the present regime have already prepared for a luxurious exile. That suspicion is indeed correct: Most of the top people in the present leadership have in fact bought houses in the United States, the Caribbean, Great Britain, Switzerland, or Spain. Many of their relatives already live abroad, and one must assume they are ready to jump ship whenever the crisis escalates further.

My impression in talking to Russians is that there is a firm belief that the present regime is really doomed, that its demise is inevitable; that a new, tough, authoritarian regime will be not only accepted but really welcomed; that the democrats had their historical chance, but they and their western friends wrecked that chance in the most mindless and rude fashion. I have heard from individuals who in August 1991 personally defended the White House in Moscow, that they now think that a military junta is the only option left for Russia, because there is no other way to stop pauperization, chaos, and crime.

The "democratic movement" in Russia, which in 1989-91 mobilized hundreds of thousands of people, was essentially destroyed by the implementation of the Gaidar reforms, IMF shock therapy, after January 1992. The "democratic movement" split over whether or not to back the Yeltsin regime with its Gaidar-IMF policy. Most of its former activists withdrew from politics, and today most "pro-reform" demonstrations number only in the hundreds. Still, there is a plethora of political mini-parties, groups, and circles in today's Russia. But I think they are not significant. That goes also for the variety of so-called "red-brown," neo-fascist, and anti-Semitic organizations, which get a lot media attention. They have a certain influence in the Russian media. Certainly communist groups are the most cohesively organized, and they do have influential publications. But the *nomenklatura* keeps an arm's length from them as organizations. I think that the key figures in the Russian political, military-security, scientific-technical, and cultural elite are deliberately *not* engaging in outward political-organizational activities. Probably the Civic Union was an attempt to form a "non-partisan party," but the Civic Union proved not

to be very cohesive or effective.

I see the emergence of some leadership grouping from *within* the state institutions with a *non-partisan agenda* — some sort of "national salvation committee" within high and highest-level government structures, which may have the following program:

What the coming regime may look like

- Ending "political chaos" by establishing a tough, authoritarian center based on the Army, the KGB, and the top administrative bureaucracy;
- A "social-economic *stabilization* policy," the content of which remains foggy, but which will emphasize "production" and combat domestic and foreign-related speculation;
- A ruthless crackdown on organized crime and crime in general;
- A ruthless Great Russian policy of dominating the other successor republics of the former Soviet Union, moving toward reestablishing some sort of new "union" or "federation" like the one proposed by Solzhenitsyn;
- An "assertive" foreign and security policy to force the West to globally accept Russia's geopolitical interests. Russian military might will once again become an explicit factor in international politics.

A recent interview of Russian Deputy Defense Minister Boris Gromov with the journal *Argumenty i Fakty* sheds light on the mind-set of the top *nomenklatura* layers which might well come together around the program sketched above. Gromov expressed his disgust at the "theft going on at a high state level, and in the country as a whole," and says he will not tolerate "treachery." He finds "the loss of normal, human common sense in people invested with power" most horrifying. As a result of these conditions, Russia's future "has become a total unknown." Gromov says he can remain loyal to any party or politician in power, including the communists. He feels bound only by "the Constitution and the laws." But he reserves special praise for Vice President Gen. Aleksandr Rutskoy: "As a military man and organizer, I value him highly. . . . He is a man of whom something decisive could always be expected." Gromov described his relationship to Rutskoy as "good, Afghan-veteran relations."

In an October 1992 interview with the German weekly magazine *Der Spiegel*, General Rutskoy said that at the core of his program was the "Stolypin formula," which meant "liberal reform *and* a strong regime." He said he was convinced "that the transition from a totalitarian regime . . . is only possible if this change proceeds in a controlled way. . . . In this country, that can only be guaranteed by a strong state. . . . Stolypin failed because he could not form such a strong government."

The economic Achilles' heel

The fundamental problem for the emerging new regime in Russia is *economic policy*. There does *not* exist any mean-

ingful, comprehensive program for Russia's economic reconstruction. This problem has its roots in the Byzantine-Orthodox tradition, which emphasizes the political-administrative *superstructure*, to the detriment of the physical economy. A "strong, authoritarian state structure" per se naturally will *not* even guarantee "social-economic stabilization," not to speak about reconstruction and development.

In leading *nomenklatura* layers, there is the assumption that their policy of recreating a neo-imperial Great Russian "federation" will reestablish the economic-infrastructure ties of the ex-Soviet Union that were severed in 1991. This is supposed to become a major, quasi-automatic factor of general economic regeneration. This assumption is, in my view, wishful thinking, for two reasons. First, it leaves out the enormous political-psychological friction — and possibly armed conflicts — that will go along with that neo-imperial policy, especially in Ukraine, but also elsewhere. That will obviously have a major negative impact on economic activity. Second, the generally decayed condition of basic infrastructure all over the former Soviet Union continues to be a fundamental impediment to healthy economic life, whatever the political conditions may be.

The intensity with which economic reintegration *under Russian domination* is already now being pursued by Moscow, is indicated by the July 1993 agreement among Russia, Ukraine, and Belarus to form an "Economic Union." Obviously, in general, economic cooperation is to be favored, but this Economic Union is fully dominated by Russia, which used a combination of massive political and economic pressures to force Ukraine and Belarus to join it under inequitable terms.

Herein lies the fundamental, *schizophrenic* contradiction in the likely policy package of the emerging regime: the Third Rome matrix, with its inherent trend for neo-imperial restoration, whatever form the new "Union" will take, on the one side, and on the other, the necessity for physical-economic reconstruction.

As I indicated before, the advanced technological standard and the quality of labor in the military-industrial complex gives it a central role for any reconstruction strategy of Russia's overall economy. The run-down, low-productivity civilian sector of the economy and the infrastructure will require MIC technologies as productivity motors. That kind of "conversion" would be a serious and workable undertaking. There are a number of privately and publicly stated economic policy proposals now in circulation in Russia which indicate that the necessity to adopt such a policy course is being increasingly understood. This approach is a core concept of the economic reform proposals which Lyndon LaRouche has been making since 1983. And here it becomes obvious that — in all soberness — an economic reconstruction package for Russia depends on the unique conceptual input of LaRouche's economic theory and economic policy. There simply cannot be any even half-successful economic recon-

Seeking a 'third way' to the 'Third Rome'

A call for Russia to take a "third way" against both Chicago School shock therapy, and a communist revival, installing instead a benign autocracy, was the subject of a full-page article in the Aug. 7 weekly supplement to the German daily *Frankfurter Allgemeine Zeitung*. The author, Yuri Arkhipov, an editor of the Russian magazine *Moscow*, offered what can be called a "mainstream" Third Rome approach to solving the Russian crisis.

Arkhipov began by saying that "evil has many faces," not only communism. Now Russia is suffering under an economic catastrophe that even in "the hard, meager times of communism, was unthinkable." He attacked the West's "Eurocentric" mentality, for seeking to impose a system on Russia alien to its history and culture: "The West supports any political force here which carries the label of 'democracy,' although in their political practice, they are anything but democratic. . . . They treat any opposition with unabashed intolerance, and operate according to the old Communist principle: 'Whoever is not with us, is against us.' "

Those in power, the editor added, "have suddenly discovered their love for democracy, meaning democratic power, and in fact in no way because it is democratic, but because it is power, namely their own power. . . . With a certain masochistic pleasure, they have destroyed their own state, permitted bloody local wars, streams of millions having become homeless, and the general impoverishment of large parts of the population. On top of that there are the territorial, cultural, and moral losses that Russia is currently suffering."

struction without four fundamental LaRouche economic policies:

- The creation of a national bank of the Hamiltonian type, to generate non-inflationary credit to finance capital investment and infrastructure projects, with a currency reform based on that commitment;
- The full utilization of the "third industrial revolution" technologies which the MIC has developed for military purposes in order to qualitatively advance Russia's overall economy and infrastructure;
- Comprehensive, "managed" trade relations with eastern and western Europe on a barter-clearing system basis;
- A de Gaulle-style national planning process using the

"The people call Gorbachov a 'stupid man with good intentions' " and Yeltsin " 'an even stupider man with good intentions.' " With these words Arkhipov introduced the section of his article titled "Yeltsin and the Chicago Boys." He referred to the "Chicago Boys of Yeltsin's former Prime Minister Yegor Gaidar and his team" as "destroyers . . . who always referred to Russia as 'this country' ": "They saw in [Russia]—once again [as with the Bolsheviks]—the experimental field for their theories or utopias." They could act this way, ruining millions of lives, because "they don't love Russia."

'From one extreme to another'

Arkhipov emphasized the traditional role in Russia of the Orthodox Church and the Army: "There exists in the world, besides the supermarket, the monastery and the barracks. The monastery stands for our thousand-year tradition and culture, which we just can't simply walk away from, and the barracks stands for the strong power, without which rights cannot be implemented. Our leading reformers, however, following Russian habits, have plunged from one extreme to another, suddenly finding that human rights are more important than national or state interests. . . . Clearly in the Komsomol schools they never read Herodotus or Tacitus, otherwise they would have at least learned from Pericles or Trajan that the wisdom of the statesman consists in creating harmony and balance between the private and the general, the rights of the individual and the rights of the nation—not of any old country, but this concrete one with its traditional customs and practices."

Citing the late physicist Andrei Sakharov and the author Aleksandr Solzhenitsyn, the two most influential anti-Soviet dissidents, Arkhipov wrote, "For now, Russia is being forced in polls and referenda to choose between evil and evil. This has no perspective. As long as Russia does not set foot on the third way, it will not be able to get

out of the swamp. What is this third way? It is the way of healthy human understanding. It unites democratic reforms and national interests, the rights of the individual and the basic foundations of the state. It is the path of moderation between compassion and sternness, between mercy and strength. It is the path of unity and concord, which is the legacy given us in Russian literature, from Pushkin to Solzhenitsyn. The necessity for this third way has long been recognized by the intelligentsia of our country, in some cases long before the collapse of the communist monstrosity. . . . Sakharov and Solzhenitsyn quarreled over this, but were less apart in their views . . . than in their terminology. Sakharov called the desired way convergence, Solzhenitsyn called it liberal patriotism. Both meant the same thing: a strong but benign, a self-assured but enlightened state—a Russia that never existed, but a Russia whose roots would reach back to the Russia that we lost in 1917."

Arkhipov calls on the West not to make the fatal error of confusing the Russian centrists with the "nationalists and chauvinists of every color. Russia is paying today for having forgotten its national interests, just as Germany under the Nazis paid for inflating its own national interests." A return of the communists would be a catastrophe, plunging Russia again into isolation from the world.

"Should the radical democrats of the Chicago Boys type triumph, then our country risks sliding down to the level of a Third World country and becoming a supplier of raw materials to the developed sector. Spiritually this would mean an impoverishment of Europe, [and] in the geopolitical sense, perhaps even a catastrophe. It would cause to disappear that 'shield of protection between two races' which the Russian poet Aleksandr Blok had written about—the strong, flexible mediator between Europe and Asia, which during the course of the centuries was able to dissolve in its realm the hordes of eastern invaders, and thus preserve Europe's flowering,"—*Konstantin George*

LaRouche physical-economic method.

Any regime in Russia will have to turn to these policies if it wants to succeed economically. The emerging regime will break with IMF shock therapy policies; they know what they *don't want*. But in order to fill the economic policy vacuum with a workable program, they will have to turn to the LaRouche concepts, whether they like it or not.

The Third Rome matrix contains a fundamental *paradox*. As we have seen repeatedly in Russia's history, most recently under the communist regime, the Third Rome matrix is self-destructive, if not suicidal, when it comes to the physical economy. The economy is the "Achilles' heel" of the Third Rome matrix. The paradox is so blatant that it cannot be

ignored. Russia can neither continue with IMF shock therapy policies, nor can it restore the communist economic system, which led to economic breakdown crisis conditions a few years ago. Russia *must* inevitably, as a matter of survival, adopt a *new* economic policy course. And I have the impression that within the *nomenklatura* layers out of which a new regime is emerging, there is at least a *partial understanding* of this reality. The reception of the Russian translation of LaRouche's textbook, *So, You Wish to Learn All About Economics*, is encouraging, all the more so because there is a certain tradition of physical economics in Russia, Ukraine, and elsewhere in the ex-Soviet Union. Economics will decide Russia's fate.

Resistance continues to Bosnia-Herzegovina partition

by Umberto Pascali

On the weekend of Aug. 14-15, the President of Bosnia, Alija Izetbegovic, announced that he has agreed "in principle" to accept the so-called Owen peace plan, the plan for partition engineered by the two "mediators," Lord David Owen and Thorvald Stoltenberg. Izetbegovic said that the plan will be sign on Aug. 30. After the announcement he left for Bosnia to consult his parliament and his people.

According to many sources who spoke to *EIR*, the large majority of Bosnians, both in Bosnia and outside, are dead set against the Owen plan. According to legal experts very close to the negotiations, the plan would "deprive Bosnia of the last thing it has: international recognition. It will in fact deprive Bosnia of its U.N. membership. At that point the Serbian genocide will become easier, the world will not have an institutional reason to get involved." Though Izetbegovic—pressed ferociously by Owen—said that he intends to sign so that his people can "finally have peace," the way the plan is formulated would hardly guarantee peace. Says Djenana Campara of the Bosnia Information Center in Ottawa: "Once Owen has obtained the surrender of the Bosnian delegation, the British supported Greater Serbians will escalate the war, to what remains of Bosnia, to Kosovo, to Croatia. . . . The way things are now, Bosnia's resistance is the only thing that guarantees potentially the reestablishment of peace."

The dismemberment of Bosnia was set into motion by the Bush and Thatcher administrations and was run by the Anglo-French alliance and the United Nations under Secretary General Boutros Boutros-Ghali. The Clinton administration has backed down at least twice on its pledge to allow air assaults against the logistic and artillery bases of the Serbian fascists, and to lift the arms embargo against the Bosnian government.

The vice president of Bosnia, Ejup Ganic, spoke very clearly concerning the pressures on Izetbegovic. "Neither

our army, nor our government, nor our young people will agree on ethnic division," Ganic said in an interview to the German weekly *Der Spiegel*. "They [Owen] intended to pen us up in a ghetto in order to be able to kill us more easily later." Despite the terrible conditions—no ability to defend themselves from the Serbian genocide—created by the arms embargo and the escalating strangulation of Sarajevo and the other main Bosnian cities, Ganic was adamant. "We capitulate? Never! We must hold out for an other year, then we have won."

U.N.-Karadzic deal

It was Ganic and his people who guaranteed the presence of a capable leadership in Sarajevo in the recent terrible weeks, while the other Bosnian leaders were in Geneva for the "negotiations." This was the period when the Chetniks of Radovan Karadzic and forces from the Serbian "Yugoslav" army, armed to the teeth, assaulted the two key Bosnian defense positions, Mount Igman and Mount Bjelasnica. An increasing number of source reports have reached *EIR* indicating that the Serb capture of the two mountains was the latest of many tricks engineered by Lord Owen and his gang, in order to break the Bosnians. The Serbians had received the green light, if not the encouragement—some say even the "order"—to capture the two mountains. And when Karadzic presented his "peace" proposal—to turn over the captured positions to the U.N.—even the *Times* of London admitted that the plan had in fact been cooked up by the U.N. bosses. On Aug. 7, the *Times* wrote: "United Nations officials drafted Radovan Karadzic's offer, a senior U.N. official said yesterday. 'We drafted it, not Karadzic,' said the official. 'He [Karadzic] changed two words, but it was done by us.'" The *Times* has to concede: "The U.N.'s complicity in what was ostensibly a Serbian offer raises substantial questions about

the organization's political motives. The proposal has been interpreted as an attempt to take the wind out of the sails of pro-interventionists in the West. The U.N.'s involvement in Dr. Karadzic's proposition appears to be part of a growing campaign to persuade western leaders that military action is unnecessary."

Indeed, just when the threshold seemed to have been reached for a military intervention, the whole Owen apparatus was activated. The British psychological warfare apparatus started the unspeakable campaign concerning the Sarajevo children. While Britain is doing close to nothing for the Bosnian refugees, suddenly from London arrived the "order" to transfer wounded children on the spot to the country in order to stage a propaganda campaign that would take the pressure off. Obediently, almost all the world's news media concentrated on the "rescue of the children." At the same time, war criminal Karadzic announced that he was ready to give up the conquered mountains south of Sarajevo to the United Nations.

And thus the actual goal—to stop the genocide and to start air strikes against the authors of the massacre—was suddenly forgotten. How many more children will die because of the sickening show planned by London?

As if this were not enough, the U.N. rushed to demonstrate that the siege around Sarajevo was now over. The ongoing strangulation of the city was now just an "encirclement," as the U.N. spokesman in Sarajevo, Commander Barry Frewer, put it. His criminal statement, which meant the downgrading of the already less-than-insufficient help to Sarajevo, prompted a reaction from Ganic, who declared Frewer *persona non grata*. During a news briefing in the Bosnian capital on Aug. 17, Ganic stated that "Lord Owen insists that ethnic cleansing be accepted as complete. . . . [U.N. mediator Thorvald] Stoltenberg is behaving similarly—trying to legalize the results of ethnic cleansing, and that is the blackest page of these Geneva negotiations. This behavior leaves little space for longstanding peace in this region. U.N. control of Mount Igman means our citizens cannot go back. We are deprived of the right to defend ourselves. So we are a small country that finds itself in the jaws of the United Nations!"

British intelligence's role

According to several observers, Lord Owen and his apparatus are scared by the international reaction triggered by their organized slaughter against Bosnia. They are trying everything to defuse it. But every day that this appalling situation continues, more and more pops up in the media on how this war was really organized. It is a "historical scandal," as a Bosnian source put it. "In the sense that it clarifies an historical truth, how the system based on the Versailles Treaty of 1919—the dogma of geopolitics—still dominates the world." The source was referring to the recent revelations on the role of the British MI-6 in triggering the war between

Bosnian and Croats (see p. 32). In fact, more exposés are to be expected on the role of British (and French) intelligence in organizing the explosion of the Balkans and the unleashing of the Greater Serbs. That the Serbs are being used by the British, in the tradition of the British colonial empire methods, has become common knowledge in Bosnia and Croatia.

"The British want to create chaos in the Balkans, and they need the Serbian cowboys for that. Germany is to be forced back," said Ganic in his interview with *Der Spiegel*.

While the story on the MI-6 involvement was being reprinted all over the world—from Australia, to the United States, to Latin America—a new flank in the battle was opened. *EIR* has learned that the spokesman of Radovan Karadzic, Jovan Zametica, is a high-level British operative. Zametica, who, according to local sources, is more than just a spokesman for Karadzic, is a former officer of the Yugoslav army, who was trained in London up to the point of becoming a member of the most powerful British think-tank: the International Institute for Strategic Studies. On behalf of the IISS, Zametica authored in 1991 the "Adelphi Paper 270" on the subject of the conflict in Yugoslavia. Since 1991 he has also been part of the Polytechnic Center of London. Originally a Muslim, Zametica became later a "secular Orthodox," and ended up in charge of liaison with the Karadzic gangs.

Again, this is only another piece of the puzzle of the role of the British intelligence in the genocide in Bosnia. "Much more is going to come out," says our source. "Lord Owen, or Dr. Death, as we call him here, will have to hurry up to end the game, or all the dirty secrets of his controllers are going to be exposed!"

International mobilization

A declaration in support of U.S. Congressman Frank McCloskey (D-Ind.) is being signed by parliamentarians all over the world. The declaration stresses, "McCloskey called on President Clinton to ask the European Community to remove David Owen as the mediator in the talks on Bosnia-Herzegovina, charging that 'Owen, who is cravenly calling for the dimemberment of the sovereign Republic of Bosnia-Herzegovina, has egregiously exceeded his mandate as a mediator by pressuring the parties to talks to agree to the alteration of international borders. In effect . . . Owen has become a de facto proponent of Serb genocidal interests.' " The parliamentarians state: "We wish to express our support for and agreement with the congressman's statements. The world community cannot continue to look the other way as Sarajevo faces its latest Serbian onslaught. We cannot allow our governments to accept the forceful dismemberment of a European state and will not accept a continuing failure to act against genocide and the Serbian officials who perpetrate it. It is time to restore morality to world politics."

Bosnia's resistance is ensuring that day by day, a movement against genocide is emerging, and not only at a parliamentary, but also at the popular level.

British agents instigated the Bosnian-Croatian conflicts

by Marko Barisic

Earlier in the Serbian war of aggression in the Balkans, ethnic Croats and Muslims were allied against the common aggressor. Then, that changed. The Croatian newspaper Danas exposed the role of the British in fomenting the Croatian-Bosnian conflicts. In an article on July 16, 1993 it reported, "The first massacres in Muslim-Croat conflicts were committed by units commanded by British mercenaries, the first pictures of victims were sent to the world by British journalists." The following translation of the article is reprinted with the permission of Danas.

Seven months ago, in a routine check of a bus on the route from Zagreb to Travnik, the Croatian police discovered 22 British citizens, their hair cut very short and wearing sports clothes. They claimed that their intention was to join the Croatian Defense Forces (HOS), an irregular formation of the Croatian Party of Rights (HSP) in central Bosnia. They were all legionnaires, professional veterans mostly from the Royal Navy, who, according to them, wanted to offer their experience in the fight against the Serbs in Bosnia. They were led by a certain Suad Vrazenica, and had been recruited in Paris. As a strong motive for coming, they talked more about their wish to "fight for the right cause," of which they were convinced through the media, and less about adventure or money as a reason. After arresting them, the Croatian police did not know what to do with them. . . . There were no clashes between the Muslims and Croats at that time, and the organizational channel that they came through was then unknown. The fact that they gave the HOS headquarters in Travnik as their destination raised suspicion. After they were stopped, the guide Suad offered money to the policemen to let them go, and was surprised when the police declined. The British were deported, and the BBC reacted with the speed of light. Two days later a TV story on those mercenaries aired, and journalists expressed wonder over what the Croats did, rejecting help from the westerners. And the Croatian policemen were even more astonished when they saw how much attention and tenderness the official British media were giving to a handful of mercenaries.

The wonder disappeared when, a few months later, Dan Damon, for *Sky News*, prepared a story on Norry Phillips, a British mercenary and former member of the Royal Navy, who, as stated in the story, had come to Croatia two years earlier to train Croatian soldiers. Upon the arrival of Unpro-

for in Croatia, Phillips joined the Croat Defense Council (the Tudjman party militia, HVO), and when the clashes between Croats and Muslims started in Mostar, Norry shifted to the Muslim side. There would be nothing strange in that if he himself had not been the one who tried to persuade the HVO commanders to take action against the Muslims. "Mostar cannot be a town with two armies," he used to say. "Let us deal with the Bosnian Army in two days, and the world will accept that."

People from the HVO found it strange that he was suggesting this, while, at the same time, selling weapons to the Muslims. Phillips was a man with strong connections in weapons supply deals and "import" of mercenaries. When it seemed impossible to get weapons and ammunition, all one had to do was to talk to him, deposit enough money in a foreign account, and the goods would arrive. He usually sent the new mercenaries to central Bosnia with the task of training the chosen members of the Croatian HVO and the Bosnian Army to be merciless commandos who would infiltrate a Serb-controlled territory as commando-terrorist groups. The British were usually leaders of those groups, which never started a single action against the Serbs. Instead, these groups of trained commandos, Croats and Muslims, turned against each other, both sides under British command.

British mujahideen

The massacre in the Muslim village of Ahmici, near Vitez, was carried out by one of those groups commanded by a British citizen. The desecration of the Croatian monastery Guca Gora and the massacre in the village of the same name was executed by a group of mujahideen, commanded by a mercenary named Rose — a British citizen. Immediately after a massacre, the British "blue berets" [U.N. forces] would enter those villages along with British journalists, who would send out horrible pictures of war and civilian suffering to the world, all the while stressing that what was going on between the Croats and Muslims were not "sporadic clashes" but a real war. Pictures of mutual massacres and burned-out villages created, among both Croats and the Muslims, a mutual feeling of hate, to the point that they became a greater enemy to each other than to the real aggressor, and an impression was created among the international public that everybody was fighting against everybody in Bosnia and Hercegovina, that it was no longer an aggression by Serbia but a civil war.

In a recent interview with BBC, Lord Owen explained: "The Americans thought at the beginning that the problem in Bosnia was a simple one: One party is the aggressor, the others are the victims. We knew from the beginning that the problem was more complex since it was not aggression, but a civil war." Even an experienced diplomat such as Owen gave himself away with such a statement. The Croat-Muslim conflicts came to him as "God's gift," as a confirmation of his initial thesis, with which he arrived at the position of a peace mediator, while the aim of the thesis was to have no decisive measures taken against Serbia, let alone to punish Serbia by military action because of the aggression.

Since at that time there were no conflicts between Croats and Muslims, it was hard to resist the efforts of the United States to start a Balkan rerun of Desert Storm. After conflicts started, everybody agreed that one should avoid getting involved in such a war, a civil war, at any price. However, the fact that the first massacres were performed by units commanded by British mercenaries and that British journalists sent the first pictures of the massacred people to the world, brings a new dimension to the entire story about the war in Bosnia and Hercegovina.

MI-6 in the Balkans

The territory of former Yugoslavia, that is, the Balkans, is strategically the shortest land-route to the East. That is why the area is divided by spheres of influence among European and world powers which, on top of that, want to control the nearest access to warm-water ports. That is why, in conflicts and wars in this area, their interests always interweave; when it was impossible for those powers to realize their interests through political means or economic power, their secret services were activated, and through their men or instrumentation of a certain political or military group, they would prepare events that would change history. It is known today that the demonstrations that led to the fall of the Yugoslav government on March 27, 1941, were directed by the British Intelligence Service. . . . During the entire war there were British intelligence officers with Tito. British officers and mercenaries are also active in the war against Croatia, and especially now in the war in Bosnia. There are also British soldiers within Unprofor, weapons dealers, who present themselves as businessmen, as well as journalists, who, due to the nature of their work, can legally collect information. Some of these people are part of British Intelligence abroad, Military Intelligence Six, in short, MI-6.

Today, serious analysts put MI-6 at the very top of the intelligence services. Some estimate it to be equal to the American CIA, and some say that in certain departments it is even superior. They also remind us of the "glorious" past of British agents. During the entire course of World War II, MI-6 had its men at the very top of the Wehrmacht and among the top Russian officers. MI-6 is divided into departments. For a long time, especially during the Cold War, the strongest one was the Russian department and, therefore, when im

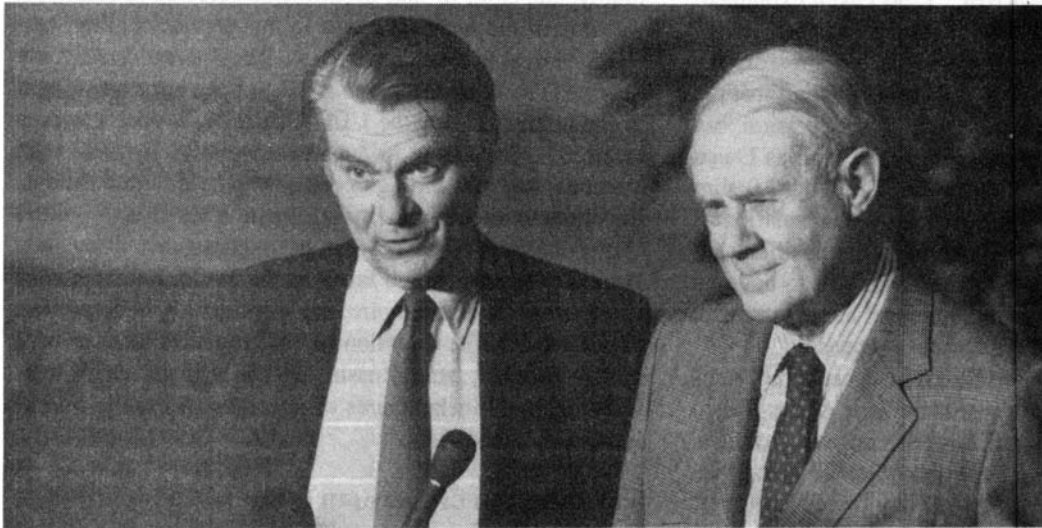
Philby, the chief of that department, defected to Russia, it was one of the heaviest blows to that service. Philby, as a chief, was a Russian agent. . . . The British Intelligence Service is not as large as the KGB, it does not expose itself to the public as does the CIA. Officially, it does not even exist. . . . Its aim is to act imperceptibly. It uses subtle methods, and acts through people who hold high positions. Its aim is to acquire quality information for British politics and economy so that they can act successfully. They want Britain to be an honored factor in the world, but from what is left of the British Empire, MI-6 is the only honored item in the world. The attention of that organization has been mostly focused, after Russia, on the regions which were traditionally British spheres of interest: Africa, the Middle East, and, lately, Asia.

Termination of German influence

In the European department of MI-6 there is a Balkan sub-department, which used to be important to Britain for control of the route through Suez. Today, the aim of that sub-department is to stop the influence of Germany in the Balkans. That is also obvious in the statements of politicians on a high level. For example, German Minister of Foreign Affairs laus inkel told his allies on July 6 that "it is not the right time for the introduction of penalties against Croatia despite the conflicts between Bosnian Croats and Muslims in Bosnia-Hercegovina." On July 14, British Foreign Secretary Douglas Hurd told Parliament: "We believe that the time has come for the European Community — on Monday, perhaps — to consider the introduction of economic measures against Croatia as long as Croatia is involved in activities contrary to the international codes." Minister Hurd said this at a time of fierce military action by the Muslim army in central Bosnia and northern Hercegovina. A large part of the responsibility for Hurd's statement belongs to British intelligence agents, whose aim is to prevent a breakthrough of German interests and to provoke conflicts between Croats and Muslims.

Together with directly recruited VIPs, the main tools of the British intelligence service are journalists, businessmen, and mercenaries. MI-6 transmits its information to the world through BBC, which broadcasts in 60 languages. Just for the sake of comparison, the Voice of America broadcasts in only 16 languages. However, America is economically much stronger; it can use satellites and various listening devices for collecting information, while British MI-6 is still focused on classical methods of information gathering, in which the human factor is important.

Along with the political reasons for certain service activities, there are also market reasons. It happened, not once, that two African tribes ended up in a war after British mediation, both of them armed with British weapons. Bosnian Muslims also buy mainly British weaponry through the black market and dealers. The connection is completely logical. The majority of the Arab countries buy their weaponry from Britain and, in overseas Muslim funds, most of the money is



David Owen (left) and
Cyrus Vance, at the
United Nations in New
York, April 1993.

Arab. Even Norry Phillips, British mercenary in Mostar, was providing mainly British weaponry. British politicians were against lifting the embargo on weapons and against military intervention against the Bosnian Serbs from the beginning. "That would mean choosing war, and we have been seeking peace until now. We are doing everything in our power to stop the fighting and not to prolong it. We have often discussed the matter with the European 12 and the opinion prevailed that the embargo should not be lifted," Douglas Hurd told *Le Monde*. Britain has not been doing everything in order to achieve peace, otherwise it would not have sent its mercenaries, who only stirred up the war, and would not have conducted large quantities of its weapons through the black market. Commander Rose, leader of the mujahideen in Travnik, the group which committed massacres in surrounding Croat villages, is completely aware of that. "I command them," Rose proudly stated into the camera of a British journalist. He set up his military headquarters in a church.

The role of Unprofor

Britain has steadfastly and strongly opposed military intervention against the Serbs. When American aircraft cruised the Somalian sky, many thought that Clinton would keep his pre-election promise. Then, however, the statements of the determined Douglas Hurd were heard again: "Activities of the warlords in Somalia are making the humanitarian action impossible. . . . In Bosnia and Hercegovina there is a civil war supported from outside by the Serbs from Belgrade." This statement was made on Dec. 9 of last year when there were only sporadic clashes between the Croats and Muslims. For Hurd, it was civil war, even then. Since it did not escalate, his intelligence service MI-6 took care of it. Anyhow, it is very significant that the first conflicts between the Croats and Muslims occurred in the area where British Unprofor forces were located, in central Bosnia around Vitez. And long before, in November of last year, in his interview for

Channel 4, Lord Owen advocated the introduction of economic sanctions against Croatia. Now, Secretary Hurd brings this issue up again.

Today, after fierce and bloody Croat-Muslim conflicts, there must be delight at MI-6 headquarters. They have successfully performed a job for the politicians of their country. They remained friends with Serbia, prevented the breakthrough of German interests, and are, above all, selling enormous amounts of weapons to the warring parties. Norry Phillips also exults. The conflicts are developing quite all right, and when the going gets tough, he will again change sides and will survive this conflict as he has survived many previous ones. MI-6 especially appreciates the human factor. It is not without reason considered the most elite intelligence service in the world. In Bosnia and Hercegovina they did a good job. The graves confirm this.

The task at headquarters

The following is Part 2 of the Danas report, published on July 23.

Norry Phillips, a British mercenary, spent five months in the homes of high-level Croatian Army officers in Zagreb. His status was not exceptional, he was just one of numerous foreign legionnaires who earned the trust of a certain circle of senior Croatian officers because of their skills in training special forces. At that time, one year ago, there was an influx of foreign mercenaries, mostly British, but French and Dutch as well. At the same time, after the great forced immigration of Muslims in eastern Bosnia, the work of foreign humanitarian organizations which opened their branch offices in Croatia, mostly in Zagreb, has intensified. The majority of those workers were taking care of the displaced population; however . . . there were others, coming on the pretext of doing the same job, but it was already known that they were members of various Arab militant organizations.

Thus, in July of last year, a meeting of Hezbollah mem-

bers took place in Zagreb. Members of that organization residing in Zagreb, Hassan Haidar Dzabom and Radwan Khatounom, citizens of Lebanon, entertained a large group of British citizens of Arab descent, and some of them traveled to Split afterwards, from where they tried, by various means, to cross the HVO-controlled territory of Bosnia-Herzegovina. Some of them did not succeed, but the majority did, mostly with the help of a tested method: bribery. And when they had difficulties, British mercenaries, or British working with humanitarian organizations, appeared as mediators to help them get the permits to pass. It was not so strange then, since there were no indications of possible Muslim-Croatian conflicts. It was thought that every new individual would contribute first against the Serbian aggressor.

The second secretary of the embassy of Great Britain in Zagreb, Doug Houston, has particularly distinguished himself in humanitarian missions in Bosnia and Herzegovina, especially recently, since the Muslim attacks on Croats in central Bosnia increased. He spends quite some time in the area of central Bosnia where the British Unprofor is located (in Vitez), helping displaced civilians, both Muslims and Croats. Traveling often between Split and Vitez, Houston met quite a number of HVO commanders who thanked him for his concern for the displaced persons. However, they were surprised by his reports from his tours, which he regularly sent, through the embassy in Zagreb, to the Overseas Department for Aid (ODA) with the Foreign Office (British ministry of foreign affairs). Since, due to the ferocity of Muslim actions and their good knowledge of the deployment of the Croatian forces (resulting in hitting the weakest points of Croatian defense in central Bosnia), the HVO forces doubted the neutrality of British peace forces, they started controlling all the reports that were being broadcast from that base.

Secretary Houston's mission

Houston reported from Vitez in the first half of June that "it is expected that they [the Bosnia-Herzegovina forces] will take the entire valley from Travnik to Busovaca." He reported to his superior that the Bosnia-Herzegovina Army already had taken Travnik and most of Vitez and that it was advancing farther along the main line of communication, adding that, unfortunately, they were ethnically cleansing the area. Houston is a professional and he does not comment on events. The HVO workers were disturbed by the fact that none of the reports from the Unprofor British base in Vitez showed an intention of those forces to try and do something for the rescue of civilians, since they could not stop the Muslim offensive through military means. Instead, Doug Houston knows that Muslims want to take the ammunition factory in Vitez (the weapons factory in Novi Travnik has been in their hands for a long time already), but the only thing he is afraid of is that "the retreating Croats will mine the roads and we want to prevent them from doing that." The British Unprofor battalion succeeded in that. The Croats,

while getting the population and army out of Travnik to Vitez, persuaded by the "Blues" who promised to put themselves in between the two armies, gave up the mining.

The fighting in central Bosnia continued, and the Bosnia-Herzegovina Army was able to advance farther along the roads, which were free of mines. Due to their immense superiority in men, the Muslims have already taken Fojnica, next in line is Bugojno, while Kakanj and Kraljeva Sutjeska have also already been taken.

Houston reported to his chief: "The HVO forces in Kakanj have surrendered, which is good news for us. Hadzihasanovic said those Croats should not be worried." Enver Hadzihasanovic is the Bosnia-Herzegovina Army Zenica Corps commander, and Unprofor can check out, in Rudnik prison in Zenica, how he treats the Croats.

The second secretary of the British Embassy reported that mujahideens have not respected the latest cease-fire with the Croats, and Houston could have seen this for himself, since the British citizen Rose is the commander of one mujahideen formation that became notorious for massacres.

Creating the war

The British role in the war in Bosnia and Herzegovina has its official side as well. Besides mercenaries, businessmen, and various humanitarians, official representatives of the British government have also been involved in creating the war in Bosnia-Herzegovina through the second secretary of the British Embassy in Zagreb, "The Croats in Kakanj have surrendered and that is good for us," is not the attitude of a neutral monitor and humanitarian worker. And neither, certainly, is the fact that the British Blue Helmets prevented the Croats from carrying out their plan to mine the road while retreating.

In order to protect its interests in the Balkans, British policy has employed unacceptable means. Through its political activity and starting thesis that this is a civil war here and not aggression, through its current intensive intercession for sanctions against Croatia, and especially its active participation in creating the war through its mercenaries, humanitarians, and so-called businessmen, Britain has, actually, in its own distinctive way, involved itself in the war. This is being confirmed night and day by its reports from the battlefields. One need only look at the choice of news aired by the BBC to note the lack of logic. The news mostly refers to Mostar and the area south of Mostar where there has been almost no fighting in these last few days, while the towns in flames in central Bosnia are hardly ever mentioned. The towns in central Bosnia are only mentioned after being taken by the Muslims, and that is only put through as a fact.

There is, however, a difference between second secretary Doug Houston, who used to be the British agent in the Bosnia-Herzegovina area, and the British mercenary Norry Phillips: Each of them is entrusted with his part of the job. For now, unfortunately, they are successful.

Lord Owen was appointed to do Great Britain's dirty work

by Prof. Adrian Hastings

Professor Adrian Hastings, professor of theology at the University of Leeds, England, is a noted Catholic theologian. He has been the sharpest critic of British policy in the Balkans since the war began in 1991. In July 1993, he founded the Alliance for Bosnia, with a group of dissident members of parliament from all political parties, and individuals such as Roger Sainsbury, the Anglican bishop of Barking. This group sponsored the London press conference of former State Department official Marshall Freeman Harris on Aug. 11, at which Professor Hastings also spoke. The following article was made available to EIR by Professor Hastings, since, due to its polemical character, it could not be published as planned in the London press.

Lord David Owen believes that we should “hope and pray” that a Bosnian settlement is agreed in Geneva on the basis of an effective division of the country into three “ethnic” republics with the Serbs receiving at least 50% of the whole country. There are many decisive reasons why it would be wrong to do so.

The first is that it is profoundly unjust, a sanctioning of aggression and ethnic cleansing, and in direct contradiction with numerous U.N. resolutions. For the international community to broker such a settlement is destructive of every principle upon which the U.N. has developed.

The second is that it is undemocratic. The large majority of Bosnians remain opposed to plans which will destroy the historic character and civilization of their country. It will prevent 2 million refugees from ever returning to their homes. It is also intrinsically wrong to come to any final constitutional reshaping of the country in the chaotic circumstances of today.

The third is that it is unnecessary. The use of western airpower to raise the siege of Sarajevo is extremely easy and would at once remove most of the pressure which is fuelling Lord Owen's proposals.

The fourth is that, while it is integral to the plan to yield to the demands of Croatian President Franjo Tudjman and Mate Boban and give 20% of Bosnia to become a Croat ethnic republic, the reasons for this are so inadequate as not to bear any analysis. Most Bosnian Croats are deeply averse to abandoning their homes elsewhere in order to be resettled

in western Hercegovina. Opposition to a division of Bosnia is very strong within Croatia and includes the leadership of the Catholic Church. Militarily, the Croats represent no real threat to Bosnia, and have, in fact, rapidly been losing ground to the less well-equipped Bosnian Army. The reason is that few Croats actually share the ethnic nationalism of Boban. Most would far prefer to remain within the pluralist society represented by Sarajevo.

Why is it that the “mediators” at Geneva, appointed by the European Community (EC) and the U.N. to negotiate a fair solution, have abandoned every pretense of impartiality, and are putting maximum pressure on the Bosnian government to agree as quickly as possible to a carve-up of their country to which it is utterly opposed? How can it be that representatives of the world community are actually pressing for the acceptance of these appalling proposals, desperately anxious to bully the Bosnian President into signing them and so letting the international community off the hook of so clearly abandoning the principles it is committed to stand for? There is only one argument in favor of them, and that is *force majeure*. It is what the Serbs want, and the Serbs are supposed to have won the war. In so far as they have done so (and it is by no means a complete victory), it is only because of the world's embargo upon weapons for their victims – an embargo illegal and fundamentally immoral, being opposed to a country's basic right to self-defense enshrined in the U.N. Charter. The Serb *force majeure* is, moreover, a force which would yield within a matter of days to the force of the international community, if once employed against it. Hence it cannot be used to justify international recognition of arrangements based on no more than successful Serb aggression.

Owen sides with the aggressors

It is worth recalling that Owen's original plan for the division of Bosnia into ten cantons (a plan which was, of course, only a slight recasting of earlier proposals from the British Foreign Office) was already unjust, unnecessary, and impractical, yet did not go far enough along the road of appeasement to satisfy the aggressors. Yet it would certainly have been accepted by them if the alternative had been military intervention as threatened by President Clinton. At that point, the British government, whose basic position through-

out has been to ensure that there would never be a military response to the Serbs, pulled out every stop to prevent that happening. What is important here is to note that at that moment, Owen's influence one way or the other could well have been decisive. It is striking that he lined up with the British, appealed for no intervention, and by so doing, ditched his own plan.

His next plan has, as a consequence, had to move still further into alignment with Serb intentions. It is, then, hardly surprising that he can tell us that his relations with Serbian leaders Slobodan Milosevic and Radovan Karadzic have much improved. As Marshall Harris, until recently of the State Department, has remarked, there is now no appreciable difference between Owen's aims and those of Karadzic. So determined is Owen to satisfy the Serbs that he is even attempting to impose one final humiliation and ruin upon Bosnia, the division of Sarajevo itself. The citizens of Sarajevo, Serb, Croat, and Muslim alike, have been heroically struggling for 16 months against the division of their city, yet Owen is prepared to sacrifice even that. His recent attempt to justify this surrender in terms of a pseudo-academic appeal to the "history of settlements" in the Sarajevo area is very revealing. It shows how far he has swallowed the "ethnic" viewpoint of Karadzic, grounded upon a totally bogus history. Even in the area of theory, Owen has now become an uncritical partisan.

Upon what grounds does Owen attempt to justify the adoption of a settlement which he has himself described as "made in hell," and which, at least up to three months ago, he would not have denied to be profoundly unjust? The principal reason he has regularly fallen back upon in justification, is that it remains the best obtainable, given the refusal of the world community to intervene militarily. That refusal controls, he claims, the limits of the possible. The total hollowness of this argument is, however, obvious, when one considers that it is Owen himself who has, again and again, pleaded with the world community not to intervene and to leave him free to negotiate a settlement. As the only justification for the terms he defends lies in an imbalance of power on the ground, the last duty of the mediator was to ensure that the imbalance continued. But this is what Owen has done. If he had used his position to secure a balance on the ground, instead of using it to retain the imbalance, things would have been very different. He has, in fact, upon every issue sided publicly with the aggressors, even going so far in the last few days as to deny that it is a matter of "aggressor and victim" at all. His commitment is thus quite clearly to securing any settlement, however unjust, so long as it is done by himself and without military intervention.

What should Owen have done? First, he should either have declined to take sides publicly on any issue in controversy between the two, or he should have defended the weaker side. Instead of which, he has regularly pushed the Serb case. Second, he should have refused to preside over any

negotiations without an effective ceasefire and the implementation of the resolution of the London Conference signed by the Serbs, on the withdrawal of heavy weaponry from around Sarajevo. Third, he should have made clear that if these conditions were not fulfilled, then he would appeal to the world community to intervene effectively with arms. His appeal instead to "give peace a chance," repeated again and again, has been simply meaningless when it has meant allowing negotiations in Geneva to be used as a cover for continued Serb offensives within Bosnia.

Before Owen was appointed mediator by Prime Minister Major, his position had been very different: "Those of us who believe the scale of humanitarian abuses in Bosnia are such that NATO must reinforce the authority of the U.N. have a duty to continue the case for greater military involvement." What changed his viewpoint almost overnight, were the instructions he received from Major which went roughly as follows: A settlement must be reached which satisfies the Serbs without military involvement of any kind. While negotiations are kept going, the case against intervening can be maintained. In due course, the Serbs will be able to wrench out of Bosnian President Izetbegovic a settlement which satisfies them. So long as Izetbegovic signs, the international community will be able to judge it acceptable, and, in the circumstances, "honorable."

Owen was in fact appointed to do the dirty work of Britain and the EC for them and he knew that, if he succeeded in his mission, he would be well rewarded.

It is certain that at no point has Owen's position ever differed, since his appointment, from that of the British government. There are many other jobs available within the British establishment. For anyone with so many failures behind him, it would be a great prize. Putting a knife into the heart of Bosnia might daunt a lesser soul, but not the doctor.

A moral disgrace

What should be done now? The negotiations as they are being conducted in Geneva are a moral disgrace. They should be moved forthwith to New York. Owen should resign. But the negotiations cannot be resumed with the slightest moral authority until the U.N. has established a genuine cease-fire throughout the country together with the withdrawal of Serb guns from the vicinity of Sarajevo. Furthermore it must be recognized, that neither the President nor anyone else has the authority to alter the basic constitution of Bosnia. That can only be done by referendum after peace is established. Negotiations can do no more than propose possible models to be put to the people of Bosnia. If anything whatsoever is "definitively" agreed at Geneva, it will not only be rejected, at least by the people of Bosnia, and produce no peace, but instigate instead a further appalling wave of ethnic cleansing. It will also be in principle vitiated both morally and legally, constituting a disgrace from which neither the U.N. nor the EC may ever recover.

Pontiff scores culture of death, asks enforcement of natural law

Pope John Paul II completed his U.S. visit in mid-August with a stinging rebuke for those who have usurped power from the American Revolutionary founders. In official remarks distributed to the news media on Aug. 15 in Denver, Colorado, the pope said, "When the Founding Fathers of this great nation enshrined certain inalienable rights in the Constitution, they did so because they recognized the existence of a law — a series of rights and duties — engraved by the Creator on each person's heart and conscience." This echoes Gottfried Leibniz's concept of natural law, upon which the most profound ideas of the American Revolution were based.

By way of contrast with the present Anglo-American policymaking establishment, the pope said, "In much of contemporary thinking, any reference to a 'law' guaranteed by the Creator is absent. There remains only each individual's choice of this or that objective as convenient or useful in a given set of circumstances. No longer is anything considered intrinsically 'good' and 'universally binding.' Rights are affirmed but, because they are without any reference to an objective truth, they are deprived of any solid basis. Vast sectors of society are confused about what is right and what is wrong, and are at the mercy of those with the power to 'create' opinion and impose it on others."

He linked abortion and euthanasia with Nazism, Serbian genocide and exploitation of the Third World: "There are those who reject the light of life, preferring 'the fruitless works of darkness.' Their harvest is injustice, discrimination, exploitation, deceit, violence. In every age, a measure of their apparent success is the death of the innocents. In our own century, as at no other time in history, the 'culture of death' has assumed a social and institutional form of legality to justify the most horrible crimes against humanity: genocide, 'final solutions,' 'ethnic cleansing,' and the massive taking of human beings even before they are born or before they reach the natural point of death."

"The family especially is under attack," the pope declared. "And the sacred character of human life denied. Naturally, the weakest members of society are the most at risk: the unborn, children, the sick, the handicapped, the old, the poor and unemployed, the immigrant and refugee, the South of the world."

The 73-year-old Roman Catholic pontiff celebrated a

three-and-a-half-hour open-air mass at Cherry Creek State Park, 13 miles southeast of Denver on the feast of the Assumption of the Virgin on Sunday, Aug. 15. His journey to the Americas had also taken him to Jamaica and Mexico. His visit to Colorado, where he arrived on Aug. 12, coincided with a five-day international gathering of 186,000 Catholic youth called World Youth Day. At least 400-500,000 people attended the open-air mass in 100-degree temperatures. While in Denver, he met with both President William Clinton and Vice President Albert Gore, whose administration has promoted many of the anti-life policies against which the pope preached.

Fight for life and spiritual life

The pope told the hundreds of thousands of young people in attendance that our world is "the theater of a never-ending battle being waged for our dignity and identity as free, spiritual beings." He said "hostile forces" seek to "eradicate from human hearts the sense of gratitude and respect for the original, extraordinary and fundamental gift of God, human life itself."

"Do not be afraid to break out of comfortable and routine modes of living, in order to take up the challenge of making Christ known in the modern metropolis. . . . The Gospel must not be kept hidden because of fear or indifference. . . . Do not be afraid to go out on the streets and into public places like the first Apostles. This is not the time to be ashamed of the Gospel. It is time to preach it from the rooftops."

He also exhorted, "America, be faithful to your mission. America, be faithful to your own true self. America, the land of the free, use your freedom well," said the pope. "Use it to cherish and support with all your strength and capacity the dignity of every single person."

Documentation

Pray for America's soul

The following is excerpted from Pope John Paul II's remarks to the U.S. bishops in Denver on Aug. 14.

The church in the United States is vital and dynamic, rich in "faith and love and holiness." By far the vast majority of her bishops, priests, religious, and laity are dedicated

followers of Christ and generous servants of the Gospel message of love.

Nevertheless, at a time when all institutions are suspect, the church herself has not escaped reproach. I have already written to the bishops of the United States about the pain of the suffering and scandals caused by sins of some ministers of the altar. Sad situations such as these invite us anew to look at the mystery of the church with the eyes of faith.

While every human means for responding to this evil must be implemented, we cannot forget that the first and most important means is prayer: ardent, humble, confident prayer. America needs much prayer — lest it lose its soul.

On many issues, especially with regard to moral questions, “the teaching of the church in our day is placed in a social and cultural context which renders it more difficult to understand and yet more urgent and irreplaceable for promoting the true good of men and women.” Nowhere is this more evident than in questions relating to the transmission of human life and to the inalienable right to life of the unborn.

Twenty-five years ago Pope Paul VI published the encyclical *Humanae Vitae* [On Human Life]. Your bishops recently issued a statement to mark this anniversary [on July 25]. They call everyone “to listen to the wisdom of *Humanae Vitae* and to make the church’s teaching the foundation for a renewed understanding of marriage and family life.”

The church calls married couples to responsible parenthood by acting as ministers — and not arbiters — of God’s saving plan. . . .

Likewise, building an authentic civilization of love must include a massive effort to educate consciences in the moral truths which sustain respect for life in the face of every threat against it. In her vigorous concern for human rights and justice, the Catholic Church is unambiguously committed to protecting and cherishing every human life, including the life of the unborn.

As sent by Christ to serve the weak, downtrodden, and defenseless, the church must speak on behalf of those most in need of protection. It is a source of comfort that this position is shared by people of many faiths. Those who respect life must accompany their teaching about the value of every human life with concrete and effective acts of solidarity to people in difficult situations.

Without charity, the struggle to defend life would be lacking the essential ingredient of the Christian ethic: As St. Paul writes, “Do not be overcome by evil, but overcome evil with good.” . . .

Life is not just another commodity

Excerpts from Pope John Paul II’s address to a prayer vigil on Aug. 14.

. . . Precisely when science and medicine are achieving a greater capacity to safeguard health and life, the threats against life are becoming more insidious. Abortion and euthanasia — the actual killing of another human being — are hailed as rights and solutions to problems, as individuals’

problems or society’s.

The slaughter of the innocents is no less sinful and devastating simply because it is done in a legal and scientific way. In the modern metropolis, life — God’s first gift, and the fundamental right of every individual, on which all other rights are based — is often treated as just one more commodity to be organized, commercialized and manipulated according to convenience.

Why do the consciences of young people not rebel against this situation, especially against the moral evil which flows from personal choices? Why do so many acquiesce in attitudes and behavior which offend human dignity and disfigure the image of God in us? The normal thing would be for conscience to point out the moral danger to the individual and to humanity contained in the easy acceptance of evil and sin. And yet, it is not always so. Is it because conscience itself is losing the ability to distinguish good from evil?

In a technological culture in which people are used to dominating matter, discovering its laws and mechanisms in order to transform it according to their wishes, the danger arises of also wanting to manipulate conscience and its demands. In a culture which holds that no universally valid truths are possible, nothing is absolute. Therefore, in the end — they say — objective goodness and evil no longer really matter. Good comes to mean what is pleasing or useful at a particular moment. Evil means what contradicts our subjective wishes. Each person can build a private system of values.

Young people, do not give in to this widespread false morality. Do not stifle your conscience. Conscience is the most secret core and sanctuary of a person, where we are alone with God. “In the depths of his conscience, man detects a law which he does not impose upon himself, but which holds him to obedience.”

That law is not an external human law, but the voice of God, calling us to free ourselves from the grip of evil desires and sin, and stimulating us to seek what is good and true. Only by listening to the voice of God in your most intimate being, and by acting in accordance with its directions, will you reach the freedom you yearn for. As Jesus said, only the truth will make you free. And the truth is not the fruit of each individual’s imagination. God gave you intelligence to know the truth, and your will to achieve what is morally good. He has given you the light of conscience to guide your moral decisions, to love good and avoid evil. Moral truth is objective, and a properly formed conscience can perceive it.

But if conscience itself has been corrupted, how can it be restored? If conscience, which is light, no longer enlightens, how can we overcome the moral darkness? Jesus says: “The eye is the body’s lamp. If your eyes are good, your body will be filled with light, if your eyes are bad, your body will be in darkness. And if your light is darkness, how deep will the darkness be!”

But Jesus also says: “I am the light of the world. No follower of mine shall ever walk in darkness; no, he shall possess the light of life.”

U.N. rights panel hears LaRouche case

On Aug. 17, Ortrun Cramer, speaking on behalf of the Vienna-based International Progress Organization (IPO), delivered the speech reproduced below to governmental representatives who are members of the United Nations Commission of Human Rights, Sub-Commission on Prevention of Discrimination and Protection of Minorities. The text here has been slightly abridged. Subheads have been added.

In previous interventions to the Sub-Commission and the United Nations Commission on Human Rights, the International Progress Organization addressed abuses in the justice system of the United States of America, notably in the case of the philosophical, political opposition movement associated with Lyndon H. LaRouche, Jr.

For more than four and a half years now, Lyndon LaRouche has been in prison in the United States, sentenced in a trial that has provoked international protest by eminent jurists and other personalities from around the world. So far, all efforts to remedy the situation have failed, despite comprehensive documentation of LaRouche's and his associates' innocence, and documentation of massive government and prosecutorial misconduct in the persecution and trial of said persons.

The Fourth Circuit Court of Appeals in Richmond, Virginia, has so far taken no action on appeal filed by lawyers Odin Anderson and Ramsey Clark, the former Attorney General of the United States. The lawyers had filed a motion of appeal against the denial of a "2255" motion for new trial filed on Jan. 22, 1992, and denied by Judge Albert V. Bryan, the same judge who had originally sentenced LaRouche and several of his associates.

New evidence ignored

The 2255 motion had been accompanied by six volumes of evidence newly discovered after trial, evidence which shows that the prosecution conducted and participated in a conspiracy and concerted action with others to wrongfully convict LaRouche and his co-defendants by engaging in outrageous misconduct, including financial warfare. A cornerstone in the 2255 motion was the ruling of a leading bankruptcy court in 1989, stating that in bringing forth involuntary bankruptcy proceedings against organizations and publishing entities associated with Lyndon LaRouche the government

had acted "in objective bad faith" and committed "fraud on the court." This ruling was affirmed on appeal. However, during trial, in a "motion *in limine*," the judge had prevented the defense from even mentioning the fact that it was the government which brought about the bankruptcy proceeding which led to the organizations' and companies' inability to repay loans taken.

The continued inaction of the Fourth Circuit Court of Appeals is proof, that the pattern of gross violation of due process is being continued, despite all documented evidence, and despite the growing wave of international protests.

Approximately 270 parliamentarians from 25 countries signed a joint appeal to President Clinton, published in the *Washington Post* on June 30, 1993, to free Lyndon LaRouche. On behalf of the 62 members of the Italian parliament, former Magistrate Carlo Palermo, now a member of parliament, and another parliamentarian, personally intervened with the U.S. embassy in Rome and demanded that justice be done, and LaRouche be set free. The former President of Argentina, Arturo Frondizi, wrote an open letter to President Clinton on June 8, 1993, calling upon Clinton to "exhaust all available means to settle the LaRouche case once and for all, and thus give him back his freedom." The expectations that the new U.S. administration would do away with the pattern of misconduct perpetrated in the justice system have so far not been fulfilled, as other cases also clearly demonstrate.

The International Progress Organization appeals to the Sub-Commission not to turn a deaf ear to the voices of protest internationally, but see to it that all necessary steps are taken immediately to finally remedy this situation. This is the more urgent given the fact that Mr. LaRouche himself will turn 71 years old on Sept. 8, and the long time of incarceration does represent a serious threat to his overall life expectancy. Furthermore, extremely long sentences have been given to several of his associates, which represent most serious violations of human rights against these individuals. LaRouche associate Michael Billington, who had been sentenced with Mr. LaRouche to three years in federal prison, which he served until spring 1991, has been sentenced by a Virginia state court to 77 (seventy-seven!) years in prison, based on the same evidence and the same witnesses as in the federal case. His colleague Anita Gallagher was sentenced to 39 years, her husband Paul Gallagher to 34 years, Laurence Hecht to 33 years, Donald Phau to 25 years, and Rochelle Ascher to 10 years. Michael Billington and Rochelle Ascher are presently serving their sentences in the state of Virginia.

The irregularities in the case of Michael Billington serve as a chilling example for the gross misconduct in the cases against LaRouche associates:

On Dec. 1, 1989, Michael Billington was sentenced by a Virginia state court, for alleged "securities fraud" for an alleged sum of \$76,000; the funds in question were political

loans for campaigns and publishing projects. At sentencing, the prosecutor stated in court, that the sentence was intended to be a "message to those other people" and was needed to "send a message to Michael Billington and to Lyndon LaRouche and to everybody affiliated with that organization out there raising funds."

Political motivation is obvious

Never before had there been any ruling, nor any civil proceeding, that the political loans at issue were "securities." Such a ruling "to fit the crime" was only made one month after Billington and others were arrested; the political motive behind the arrests could hardly become more obvious. The woman who issued that ruling was shortly thereafter promoted to the Virginia State Supreme Court.

In the course of the trial against Billington, he was by order of the court subjected to a psychiatric examination for his insistence on his constitutional right to a trial by jury! The pattern of legal abuse was intensified by the behavior of his own lawyer, who changed sides and allied openly with the prosecution; the judge outrageously denied him the chance to change lawyers during trial. During the entire time of the competency proceedings and trial, Billington was held in solitary confinement in a cell 3×4 meters, for a total of more than 100 days! . . .

The trial judge in Billington's and other Virginia cases has admitted in court to having *ex parte* communications with a private agency, the Anti-Defamation League of B'nai B'rith, about the alleged "cult" nature of the philosophical movement—a maliciously slanderous allegation circulated to secure unopposed persecution against an undesired political opponent. The *ex parte* communications included a scarcely disguised bribe that the ADL would back the judge's candidacy to the Virginia State Supreme Court.

Published writings of Lyndon LaRouche and associates who had been or are at present incarcerated give testimony of the intellectual strength and unbroken spirit, that has characterized the so-called "LaRouche movement" during the over 20 years of its existence. The world-famous violinist Norbert Brainin, the first violinist of the Amadeus string quartet, said in a nationally broadcast TV appearance in the United States television on Nov. 5, 1988, after the trial against Lyndon LaRouche had begun in Alexandria, Va., about his friend LaRouche: "He displayed the kind of analytical mind, the kind of truth-seeking which one associates with a real scientist."

The International Progress Organization calls upon the members of the Sub-Commission to immediately engage in a thorough and impartial investigation of the case, so that not only justice is being done to the victims of this blatant politically motivated persecution, but also the authority of the United States as a country respecting internationally set standards of human rights protection in their own homeland and abroad is restored.

Rukh mobilizes to rescue Ukraine

by Konstantin George

On Aug. 17, two years had passed since Ukraine's Declaration of National Independence. Ukraine, with a population of 52 million and an economy second only to Russia in the former Soviet Union, became formally independent on Dec. 1, 1991. On account of its highly educated population, skilled work force, natural resources, and technological capabilities, Ukraine had the easy potential not only to flourish on its own, but to become a catalyst for economic development for its giant neighbor Russia as well. Independence began with such hopes and visions, yet two years later, Ukraine is faced with a crisis which endangers the very survival of the Ukrainian state.

Betrayed by the West

From abroad, Ukraine has been the victim of a ruthless policy of economic and credit embargo by the West, coupled with economic and energy blackmail by Russia, and Russian support for ethnic Russian separatist movements in Crimea and Eastern Ukraine. These policies are designed to continually weaken Ukraine, making it ripe for re-incorporation into a new Russian Empire. Domestically, the old Ukrainian assets of the Russian imperial design, who dominate the Parliament and are heavily present in the state apparatus, have been no less responsible for the dismal state of affairs.

Living standards have collapsed, savings wiped out, and organized crime and street crime are rampant. Angry Ukrainians suspect that through a mixture of weakness, cowardice, and in some cases actions bordering on treason, the country's leading institutions, the presidency, parliament, and government, have allowed Ukraine to drift to the precipice.

The referendum trap

On Aug. 12 the Ukrainian State Electoral Committee cancelled the planned Sept. 26 referendum vote of confidence in the President and the Parliament. The referendum had been put forward as a central political demand by the ethnic-Russian dominated Donetsk strike committees, during the June strike wave spearheaded by the Donetsk coal miners. The original agreement by President Kravchuk and parliament for a referendum was a set-up, and its cancellation has fed further into the chaos scenario.

The referendum would have been non-binding, solving nothing, and indeed would have worsened the crisis by leaving Ukraine with a President and Parliament with no popular support. If mid-August opinion polls in Ukraine are anywhere near reality, the negative vote against the Parliament would be 74%, and 58% against President Leonid Kravchuk.

On the other hand, the President and Parliament knew that the cancellation would provoke a new strike wave led by the Donetsk coal miners. On Aug. 16, mining strike committee delegates from the three Eastern Ukraine regions (oblasts) of Donetsk, Lugansk, and Dnepropetrovsk, met in Makeevka, Donetsk oblast, to demand that the referendum be restored. Otherwise they warned of an “uncontrolled social explosion,” and that the mass strikes would resume. The threat of a new strike wave is something the country can afford neither economically nor politically.

The national opposition, Popular Movement of Ukraine (Rukh), had bitterly fought during the June strike wave against the referendum tactic. They said that the ethnic-Russian strike committees had pushed it to further the destabilization of the country, to deflect from the only viable political solution, namely the holding of early elections to replace the Soviet-era parliament.

As Rukh has repeatedly stressed since June, elections are the only chance to give Ukraine a stable government and a parliament committed to policies that could bring Ukraine out of its crisis. The referendum was readily accepted in June by the old-Communist dominated Parliament, to sabotage new elections and keep the nation on a seesaw. As long as Ukraine's institutions are discredited, the chances increase for a new form of Russian domination, and hence their own perpetuation as the ruling caste.

The Rukh alternative for early elections, which may be the last chance for Ukraine to halt economic, social, and political disintegration, has a fair chance of success, if the population be mobilized behind it. The wishes of most Ukrainians might be reflected in opinion polls that show that well over 80% of Ukrainians want neither meaningless referenda nor strikes and chaos, but early elections to give the republic stability.

The Rukh issued a Statement to the Citizens of Ukraine on Aug. 17, the second anniversary of the Ukrainian Declaration of National Independence, reprinted below in full.

Rukh statement text

Two years have passed from the famous day of Ukraine's Declaration of National Independence.

Our hopes of successfully developing our country have failed to materialize. Though at the time when we abandoned the Soviet Union it was in the most advantageous circumstances, we have not become a developed and democratic nation, the citizens of which feel free, confident and secure.

A garden needs a diligent gardener, a new edifice needs a solid foundation and a talented builder, a young nation

needs new authorities which enjoy the people's trust.

The highest legislative authority which was elected at a time of colonial dependence has proven to be unqualified for quality legislative work. Initiatives by the democratic minority in parliament have been rejected in a hostile manner by the reactionary majority which safeguards the interests of the old Communist Party and Soviet Nomenklatura.

This situation is aggravated by the President's ill-balanced actions, his inclination to thoughtless compromises, his conservatism with regard to political and economic reforms and the protracted evasion of ruling the country's internal affairs.

The government headed by Leonid Kuchma has failed to begin implementing promised reforms, it is using old administrative methods. The credit of trust in the government has finally been exhausted following major alterations in the cabinet that have consolidated the hold of the “red directors” [directors of huge state industry complexes, who were political appointees in the Soviet era, and who are mentally still nostalgic for the Soviet Union — ed.], who are entirely alien to the interests of the Ukrainian state and nation.

The inefficient actions of all branches of authority have brought about the general impoverishment of the people, galloping inflation, rampant crime and Mafia rule, they have ushered in an atmosphere of tension in society, which is constantly threatening with new outbreaks of social explosions.

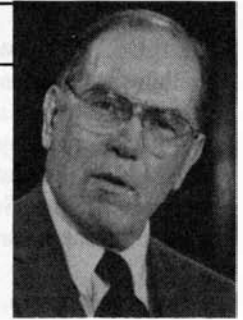
The pro-imperial forces [supporting Russian Empire restoration — ed.] both in Ukraine and abroad [Moscow and collaborative forces in western capitals — ed.] take advantage of our young nation's grave crisis and want to put a new imperial yoke on the neck of our people by using political and economic blackmail, and by forcing Ukraine to join all kinds of commonwealths and unions [referring to the Community of Independent States, and the July agreement where Moscow strongarmed Ukraine to join a Russian-dominated “Economic Union” — ed.].

The Popular Movement of Ukraine (Rukh) calls on the entire Ukrainian nation for vigilance and determination. Now is not the time for vacillation and indecisiveness. Each wasted day brings Ukraine nearer to disaster, to a loss of the most precious possessions of the modern nation: statehood and democracy.

Only urgent economic reforms which the present authorities are unable to carry out, only the immediate change of the political system, elections to a new parliament and reformed local authorities in accordance with a new electoral law, only the unity of the presently divided democratic forces, can rescue the Ukrainian state from collapse.

Let us not abandon ourselves to infamy and shame. Let us not allow those who lead Ukraine to an abyss to rule the country. Let new people, who are prepared to take responsibility for the nation's fate, come on to the stage.

Let us unite! Let us unite in Rukh! Glory to Ukraine!



'Russia is going to dump U.S.-backed economic reform'

American statesman and political prisoner Lyndon LaRouche had the following comments on different aspects of the world crisis on the weekly radio interview "EIR Talks" on Aug. 18. He was interviewed by Mel Klenetsky.

EIR: Russian President Boris Yeltsin is calling for parliamentary elections with or without the approval of Parliament. There is a huge crisis brewing between the Parliament, Speaker of the Parliament Ruslan Khasbulatov, and Yeltsin. And some say this is going to lead to, perhaps, even civil war in Russia in September. What do you think?

LaRouche: I think that's too simplistic. First of all, we know from eyewitness accounts in Russia that Boris Yeltsin is generally considered to be drunk. The press reports indicate that he has very poor health, and that includes press reports coming out into the West.

In the last day, it is notable that *Nezavisimaya Gazeta*, the daily newspaper which supported Yeltsin back in the putsch crisis two years ago, has now abandoned its support for him. We are now hearing rumors of the very bad health of Yeltsin. On top of the general commentary on his health and on his alleged drunkenness which we have been hearing over the past couple of weeks, we know there is a three-way standoff among principal institutions in the Moscow government.

You have Yeltsin on the one hand, as a personality, the President; you have attached to him, a presidential staff of radical reformers which is running the government, which is the main target of all the nationalist and other related attacks on the Yeltsin government. We have a parliamentary system under the political leadership, for the moment, of Khasbulatov, which is challenging this. We have within the parliamentary system some factions, and the question is: Which faction will come to power?

In general, Moscow sources believe, whenever excessively and persistently unpleasant notices are being made of a leader's health, as in the case of, for example, [the late Soviet Communist Party General Secretary Constantine] Chernenko, who was already living on life-support systems when he was made general secretary, that that is a bad sign

for his political longevity.

So I think that all the signs are out that Yeltsin might go very soon, and the question is what would succeed him. Would it be civil war?

He might not go; they might make a deal with him, to get rid of his associates and come to some kind of arrangement. I think Russia is groping toward an attempt to create a collective leadership for a while, since they have no one leader around whom the combination of forces might be put together for a new government.

But what is inevitable, is this. The system is currently in a crisis. One of our problems in discussing it, is that the U.S. news media and, to a large degree, much of the European, is not in any way reflecting the reality of what's going on. In a sense, they're lying, and also lying by omission, in the sense that the picture that is being given of the world in the news media, as I see it and hear about it, is out of all correspondence to reality.

For example, CNN [Cable News Network], the popular television news media, what it reports in a package is out of all correspondence to reality. So I think one of the big problems here in discussing the Russian situation is that the Russian situation itself, and the significance of the Russian situation, and of the Balkan situation, is totally unknown in any sense. It is not on the horizon in any real sense. People are saying, "anti-Yeltsin," "pro-Yeltsin," this kind of nonsense; it's a comic-strip or soap opera-type view of Russia. And it's not like that at all. It's a very complicated, highly explosive mixture, which could signal the slide of the world into the worst crisis in more than six centuries of European experience, at least.

That's what's on the table, not for the distant future. We're talking about the next weeks and months. There is already a crisis in Moscow, an unbelievable crisis in the Russian system. This U.S.-sponsored economic reform system cannot continue; it is gone, it is going to go. The United States sticking with this free market, deregulation, all this nonsense, is going. Washington is in Never-Never-Dreamland as far as I can see.

You have a little voice from [Senate Minority Leader

Robert] Dole or a few other people now and then who say something sensible on one question or another; but overall, Washington is living in a fantasyland; and the U.S. population, by and large, dependent upon our corrupt news media, which *completely* misrepresents what's going on, are also in Never-Never-Land. So when we talk about the Russian crisis, I don't think the average American knows what's going on. . . .

The problem here, as I say, is that when you're talking to an American audience, you have to recognize that the listener who is following the news media, so-called, in the United States, has absolutely no understanding of what's going on; and therefore, if you talk about a crisis, he or she tries to fit it into what they hear from the news media, and it has no correspondence to that. That is the first thing of which we have to be aware in this kind of situation.

What we're talking about, is essentially the United States move to break up, destroy, eastern Europe and the former Soviet Union, from 1991 on. After the fall of [Mikhail] Gorbachov, the Anglo-Americans moved and continue to move behind people like [Hungarian-American international speculator George] Soros, to loot eastern European economies, to the point that they are now 30% of what they were in 1989. To do similar things in Russia and Ukraine and so forth.

So what they have done, is to create a situation where the good relations between Moscow and the Anglo-Americans, or between Warsaw and the Anglo-Americans, are all based on submission to this Soros kind of free-trade derivatives, speculative arrangement, which is a looting arrangement.

On the other hand, none of these nations can survive, if they do not reject this Anglo-American policy, which means a break with the United States.

In other words, the United States is forcing these nations to a break with it, as a price for their own survival. The eastern European nations by and large, have been occupied so many times, that they will tend to try to find a way of living with submission to these kinds of horrible circumstances, as we see in the case of Poland—up to a point.

Russia, which has not been conquered since it came out of the Mongol yoke in the early 15th century, will not accept submission. That means that no matter what happens, as long as the Clinton and [John] Major governments continue to insist that eastern Europe and Moscow go along with the so-called democratic reform, they are insisting that an explosion come in Russia, and they're insisting that we go back to a combination of either the old Cold War situation—this time not with the communists but with Great Russians bearing the double eagle. And they're insisting that the alternative to Cold War is absolute chaos, in which the United States itself would disintegrate.

That is the reality of the Russian crisis, not some soap opera story as the U.S. press is representing the Yeltsin crisis.

EIR: You have indicated that the way to deal with the crisis in Moscow is through some combination of ruble reform and economic development. Is there such a package that can be implemented at this point, in terms of the emerging alliance in the West that's fighting speculation?

LaRouche: Not exactly. There is and there isn't. The problem is, I'm key to this. The only time such a possibility arose, prior to 1989, was during 1983. It arose around the back-channel discussions which I was conducting on behalf of the Reagan administration with Moscow, discussions which pertained largely to what I defined as cooperation on a program for a strategic anti-ballistic missile defense system—what Reagan announced on March 23, 1983 as the Strategic Defense Initiative (SDI).

Now, you have to remember that that five-minute segment of the Reagan speech was drafted with the cooperation of a collaborator of mine, and also with someone from the National Security Council, to make sure that what Reagan said in that segment, would conform *exactly* to what I'd been saying on his behalf with the Moscow back channels. And it did.

Now, if Russia had accepted that proposal by Reagan, the effect would have been to change the world. That is, if the Russians had said, "We go with what LaRouche is proposing, and we reject what Henry Kissinger and Robert McNamara are proposing," (the so-called MAD doctrine)—that was what the issue was—then the world would have changed.

Now, we face the same condition today. As long as I am stuck off in a corner as a pariah, I guarantee you there is no possibility of any such program working. As long as that condition exists, I guarantee you we have only two alternatives for this planet: Either go back to a Cold War or quasi-hot war situation between the superpowers, with a lot of local wars around the world, or the kind of chaos in which the United States, for example, might disintegrate for economic and related reasons, over the coming three to four years.

That is, in three to four years from now, we might be standing in a United States—if we're standing at all—which is in the process of breaking up. *That is already right now in progress*, though some idiots in the news media and around Washington refuse to admit that.

The time that we don't have the tax base to maintain a local community, and we don't have resources from Washington to bail it out, that local community goes out of business politically. State governments and whole sections of the federal government will disintegrate. As long as we continue this lunatic balance-the-budget hysteria; as long as the United States is cutting its tax revenue base more and more and more, collapsing the economy, we will get to the point where we don't have enough tax revenue base to maintain the essential functions of government, we begin to disintegrate, and then chaos takes over where government disappears.

That is tending to happen around the world, particularly with the collapse of economy, and this is the reality we must see, not looking for some pollsters' type of alternative. There are no pollsters' alternatives. Either we shift away from the McNamara, Kissinger, etc., line, the Bush-Thatcher line, get away from that and go to what I proposed philosophically first in 1982-83 in this back-channel arrangement and again in 1989-90, go to what I specifically have proposed, or else you get either war or chaos.

Those are the three alternatives. And everything that is said about alternatives, falls under that.

EIR: The President of Bosnia, Alija Izetbegovic, has indicated that he feels his back is against the wall, and his only way out is to go with the partition arrangements that have been proposed by Lord Owen. What will happen if he does this?

LaRouche: It's hard to say. First of all, look at the larger situation. Bosnia is being destroyed, and Bosnia was not destroyed by simply the Bosnian Serbs, or even Slobodan Milosevic's Serbs. Bosnia was destroyed by a calculation set into motion by the Bush and Thatcher administrations and run by the Anglo-French alliance, and the United Nations under [Secretary General Boutros] Boutros-Ghali.

What they have done is to strip the Bosnians of arms, and let the Serbs have all the weapons they wanted. Every time the Bosnians tried to resist, or the Croats tried to resist, the United Nations, the United States, and Britain intervened to attack them, cut them off, and assist the Serbs. The U.N. troops in former Yugoslavia have acted consistently to assist the Serbs militarily in continuing their genocide against the Croats and Bosnians.

Under these conditions, it's come to the point that Bosnia seems to have no objective alternative, but to come to some kind of a deal with its predators, the Lord David Owen-Thorvald Stoltenberg-United Nations rape operation.

Now the reason partly for this, is that the Clinton administration has twice — three times actually — come up to the wire on this and threatened to use military force unilaterally if necessary, under the relevant provisions of its authority under the U.N., to allow air assaults against the Bosnian Serbs, against their logistics and artillery bases, and to lift the arms embargo against the Bosnian government.

Twice it has failed to do that. What has happened, therefore, is that, although Bob Dole over on the Republican side is obviously using this issue and is sticking to the issue, this is a crime; the Clinton administration has essentially thrown away its ability to govern, its credibility, by backing down twice in the way it has done on this military issue.

That means that the United States has created a vacuum in Washington, and a vacuum in world leadership, in which the British-centered crowd is prevailing, and Izetbegovic and his people are being thrown to the mercy of these predators.

However, it is also clear that the Parliament of Bosnia and the military leaders of Bosnia, will not accept what is being offered. So you have a continuing fight in which Izetbegovic is being terrorized into backing down to the predators, in which the United States, as a result of this, has created a vacuum in which the Clinton administration's credibility is all but gone for the future on domestic or foreign issues, and in which Clinton himself has retreated into non-starters, that is, non-starters as political rallying points — the budget, which was necessary, but is nothing to brag about in any respect. It's a failure, a horrible failure. And then going back to the health package which under these circumstances is going to be an even worse failure.

So Clinton is running into predetermined failures, away from those issues. Now they're coming out with an attack on Sudan, attempting again a Bush tactic of distracting from the reality of the Balkan issue. The Balkan issue is going to blow up some more; it is not going to be quiet. The submission of Izetbegovic to these predators, would not end the Balkan wars. The Balkan wars are going to spread. And they're going to spread through other parts of the world, outside the Balkans themselves.

So this is the worst, most catastrophic failure, and it is an unbelievable crisis for the Clinton administration. They have failed; and only by reversing course on these issues, can Clinton get something accomplished.

Just to give you an example of this. The Clinton administration backed off from the idea of incentives, on the basis, as Hobart Rowen reported recently in the *Washington Post*, that simply lower interest rates would be a stimulant for the economy — which, of course, is not true. And that will prove itself, if you try to carry that out. All it will do, is to blow up the derivatives even worse.

Because what the Clinton administration has overlooked is the fact that the economy grows only if you put credit into the right place, that is, into industrial and agricultural and infrastructural jobs. If the credit does not go to those areas, then it will simply increase the rate of inflation. So unless you have some kind of a dirigist approach, which keeps the credit from flowing into certain areas which are speculative, and gets the credit flowing into areas which create useful jobs, not service jobs, not Wall Street jobs, then the U.S. economy is just going to slide deeper and deeper into the trough.

So that program that Clinton relied upon, as an alternative to his original, better program, is going to be a catastrophic failure. His health plan, under these circumstances, will be a catastrophic failure. His foreign policy so far, has been, in effect, because of these things we have indicated, also been a catastrophic failure.

Clinton is now facing a crisis; and his crisis happens to be not his personal crisis, but it is the crisis of the United States, and also of the world.

Castro visit generates discontent in Colombia

by Javier Almarino

The César Gaviria government in Colombia is on the verge of releasing more than 5,000 narco-terrorists and drug traffickers from jail, among them the various lieutenants of fugitive Medellín Cartel chieftain Pablo Escobar, because of legal loopholes which the government itself has created. In the midst of this outrage, President Gaviria's personal invitation to Cuban dictator Fidel Castro to visit Colombia, where he encouraged narco-terrorist guerrilla forces there, has generated serious discontent within the Colombian Armed Forces.

On Aug. 3, the Colombian Constitutional Court interpreted the new 1991 constitution—godfathered by the Gaviria government—to declare Article 3 of Law 15 unconstitutional. That article states that those accused of drug trafficking or terrorism may not be released from jail, even if held beyond a year without trial. Faced with the imminent release of thousands of the country's worst criminals, the government issued a decree of exception denying those accused of such crimes the benefit of the new penal procedure code. That code, which the government is now trying to countervene with its special decree, was written by the government itself.

A 'Frankenstein' creation

For the background to this farce, one must go back to 1990, when the Supreme Court, under threat from both the Gaviria government and the narco-terrorist guerrillas, agreed that the Constitution would be "reformed" through election of a Constituent Assembly. That decision violated the extant 1886 Constitution which established that constitutional reforms could only be carried out through two separate votes by the two houses of Congress. Then, in 1991, the illegally convoked Constituent Assembly, which was dominated by pro-drug, pro-terrorist, and outright terrorist elements, wrote a new Colombian Constitution to subvert the country's moral and legal underpinnings.

One of the first acts of the 1991 Constituent Assembly was to declare the extradition of Colombian nationals unconstitutional. This was a principal demand of the drug traffickers and it is suspected that a great deal of money flowed under the tables at the Assembly to guarantee the vote. Later, the same Assembly shut down the national Congress in alliance with President Gaviria, and created a sort of "pocket

congress" whose members were chosen by the Assembly and who replaced the work of the Congress for several months.

During these few months the government drafted what was supposed to be a "tough" new penal procedure code, which nevertheless included the proviso that any prisoner who was held in jail for more than a year without trial must be set free. The code was approved by the "pocket congress" without debate. Given that the justice system, as much a victim of bureaucracy as of terrorist intimidation, is so slow, these criminals and their well-paid attorneys are now using the code to their benefit.

During these proceedings the U.S. State Department never accused Gaviria of being "anti-democratic" for shutting down the country's elected legislature, in sharp contrast to its "big stick" treatment of Peru when President Alberto Fujimori closed down that country's terrorist-riddled congress.

In anticipation of such a bind, the government in 1992 created a "state of internal commotion," which said that those accused of drug trafficking and terrorism would not benefit from the new code. Later, the Congress approved the emergency measure and turned it into law. But the Constitutional Court, a product of the Constituent Assembly, decided that the code approved by the "pocket congress" took precedence over any vote of Congress.

The Gaviria government's latest decree only postpones the problem it has created. Nor does it reflect any recognition of the disastrous policy the government has pursued all along, as evidenced by the fact that President Gaviria has just presented a bill to Congress which would give him full powers to pardon narco-terrorists and to suspend arrest warrants against any narco-terrorists who want to avail themselves of the government's ongoing offer to engage in a "peace dialogue."

In fact, in his zeal to reach a "peace agreement" with the country's Marxist narco-terrorists, President Gaviria invited Fidel Castro for a three-day stopover in Colombia upon returning from the presidential inauguration in Bolivia. Gaviria hoped that Castro would urge the narco-terrorist guerrillas to participate in a dialogue with the Colombian government, but Castro did the opposite, insisting that he could not address the guerrilla question because this would be the equivalent of commenting on the country's political parties, which would constitute interference in Colombia's internal affairs.

Castro's visit particularly rankled those military and police personnel who have been engaged in bloody warfare against narco-terrorism for years, and who captured the more than 5,000 narco-terrorists who are today on the verge of being released. Cuba continues to serve as a training site for these narco-terrorist guerrilla groups, despite Castro's protestations that he has turned "democrat." And should the 5,000 terrorists be released, they will be well armed by the Salvadoran FMLN, which has been discovered handing over to Colombian guerrillas the weapons it failed to register under the U.N. "peace pact."

U.S. orders Argentine Air Force decapitated

by Gerardo Terán Canál

In early August, headlines in the Argentine press focused on revelations that the U.S. embassy in Buenos Aires, former Ambassador Terence Todman, and the Foreign Ministry had brought about the “beheading” of the Air Force by removing Commodore Miguel Guerrero, the aerospace engineer who was the brains behind the Condor II intermediate-range missile project. Defense Minister Oscar Camilión announced that Guerrero had been placed on a six-month leave of absence and would probably be subsequently retired. Also, immediately following the naming of Brig. Juan Paulik as the new Air Force chief of staff, replacing Brig. José Juliá, the Air Force announced the retirement of another six brigadiers, most of whom had been linked to the development of the Condor II missile.

Commodore Guerrero's removal is the final chapter in the offensive launched by the United States against Argentina immediately following the 1982 Malvinas War. The purpose of that campaign was to punish Argentina's Armed Forces for having dared to challenge Anglo-American interests, and particularly to smash its efforts to attain technological or scientific independence. The Bush administration was ferocious in its demand that the Condor II project be dismantled, and the Clinton administration has continued that policy. President Carlos Menem's acceptance of this policy of “technological apartheid” was the Anglo-Americans' condition for permitting Argentina to participate in their new world order.

The role of Defense Minister Camilión shouldn't be underestimated. He is a member of a Washington-based policymaking entity, the Inter-American Dialogue (IAD), which has formulated the Clinton administration's violently anti-military policy for Ibero-America. Camilión has publicly admitted that the United States demanded Guerrero's firing.

Aside from military protests, there was virtually no other resistance offered from any quarter of the government to U.S. demands for the Condor's dismantling. On the contrary, it was the two most recent occupants of the post of foreign minister—Domingo Cavallo and Guido Di Tella—who served as the battering rams for former Ambassador Todman, who led the charge for the Condor's destruction. The Harvard-trained Cavallo went from the Foreign Ministry to the Finance Ministry, from where he has faithfully implemented the International Monetary Fund's austerity dictates. President Menem himself, speaking during a ceremony on Flag

Day last June 20, affirmed that “the Condor issue should be definitely forgotten; it has been completely deactivated. . . . Now we can really say that our house is in order, because Argentina is in order.”

When Menem said that “our house is in order,” he was obviously referring to the orders given by the United States. According to the daily *Clarín* on Aug. 2, the “virtual firing” of Commodore Guerrero is due to the fact that he “complicated relations with the United States.” Several U.S. delegations which visited the Condor's production plant at Falda del Carmen, Córdoba, “openly complained about the reception given them by Guerrero, who even rejected some of the members of those delegations, accusing them of being ‘spies’ rather than scientists.”

The 1992 book *Carnal Relations: The Real History of the Building and Destruction of the Condor II Missile*, reveals the level of blackmail used against Argentina. During one cabinet meeting in April 1991, Finance Minister Cavallo insisted that “the U.S. won't support our economic plan or our requests for standby credits from the International Monetary Fund until Argentina gets rid of the Condor.” The book also includes the transcription of a conversation between then Ambassador Todman and then Defense Minister Antonio Erman González, in which Todman demanded the destruction not only of the Condor II but of all the technology associated with it. “My country wants Falda del Carmen destroyed and I want to be there when it happens,” Todman stated.

When González responded that Falda del Carmen was part of Argentina's “national patrimony,” the U.S. ambassador complained that “the U.S. mission which was there last December and January saw dangerous things. . . . We want them eliminated, just as was done with [Saddam] Hussein's missiles after the Gulf war.” Undersecretary of State for Inter-American Affairs Bernard Aronson also threatened Argentina with the “Iraq treatment” if it didn't follow U.S. orders, according to this account.

Joining the First World?

All the Condor's parts have been transferred to the United States via Spain, and the 60-plus buildings built to special security specifications emptied. The men behind the project, such as Commodore Guerrero, are being tossed on the scrapheap. As for the Air Force technicians, the Menem government has decided to put them at the service of the new world order. During the 1991 Gulf war, Carlos Menem humiliated Argentina's Armed Forces by sending them to participate in the “international coalition” which waged war against Iraq. They had to serve under the command of their historic enemy, Great Britain. Now, at the invitation of the U.N., Menem will send Air Force technicians to Iraq to help impose its “technological apartheid” on that nation. These men will work with U.N. inspection teams to help dismantle two Tamuz 2000 missiles which were reportedly built using Condor technology.

CAP's mafia unleashes terrorist wave

The new terrorism in Venezuela is very selective: All victims are opponents of Carlos Andrés Pérez.

On the night of Aug. 8, the home of Marcel Granier, editor of *El Diario de Caracas* and director of Radio Caracas Televisión and of Radio Caracas Radio, was machine-gunned. The attack occurred as part of an unprecedented terrorist outbreak in Venezuela, which in the course of three weeks included letter-bombs sent to magistrates of the Supreme Court, bombs in various parts of Caracas, and gunshots against congressmen and judges.

On the same day as the attack against Granier, his newspaper had published an editorial entitled "The Price of the Truth," which warned that the mafia of "suspended President" Carlos Andrés Pérez was preparing terrorist actions against that newspaper because of its investigations into Pérez and his "inner circle," the results of which have been published recently.

The editorial further noted an important earlier development: On Sept. 27, 1992, *El Diario de Caracas* had devoted an exposé to the growing concentration of control over the media in the hands of the powerful Cisneros-Tinoco group, with the support of then-President Pérez. One day later, on Sept. 28, an attack was carried out against Mrs. Hope Phelps de Robinson, the leading stockholder of Radio Caracas Televisión, an attack which has kept her in a coma to this day.

In its Aug. 8 issue, *El Diario de Caracas* also reproduced an article from last year on the Cisneros-Tinoco group, as well as a questionnaire entitled "Questions for CAP," on Pérez's recently discovered foreign bank ac-

counts. Hours later, the editor's home was machine-gunned in a commando raid.

What the editorial did not mention, but what all of Venezuela knows, is that the July 20 issue of *El Diario de Caracas* published as a paid insert the pamphlet entitled "The Truth About CAP," prepared by the Venezuelan Labor Party (PLV) and the Ibero-American Solidarity Movement (MSIA), which presents a detailed account of Pérez's crimes, including his links to drug traffickers and international terrorists, as well as to his "financial inner circle," especially the Cisneros-Tinoco group (see *Investigation*).

After the pamphlet was published, a series of threats were directed not only against the PLV as the author of the exposé, but also against the media which published it and/or gave it publicity, including *El Diario de Caracas* and Radio Caracas Televisión (RCTV). Giacomo León, the executive president of Banco Latino which belongs to the Cisneros-Tinoco group, responded to "The Truth About CAP" with a full-page ad in *El Diario de Caracas* and RCTV, accusing them of sponsoring the pamphlet, and yet without once mentioning the PLV.

Other media have referred to actions which those denounced in the pamphlet might be preparing against PLV Secretary General Alejandro Peña Esclusa. The most recent threat was by a reporter of the afternoon newspaper *El Mundo* on Aug. 11, which stated: "Peña Esclusa is playing

with fire . . . and could get burned. An investigation is being opened up to find out who is financing the campaigns against Venezuelan politicians and financial groups that his party is running."

The changed political situation in Venezuela does not, however, allow for any more such persecutions. The recent threats and terrorist actions, which have provoked widespread rejection among Venezuelans — including President Ramón J. Velásquez, the Armed Forces, and the Catholic Church — is attributed by many to the powerful groups that are behind the still-active "suspended President." This has been openly suggested, from the Prosecutor's Office and Supreme Court magistrates who are responsible for CAP's "suspension" from the presidency (and who have also been threatened), to the majority of journalists and politicians of nearly every political stripe.

According to press commentaries, the purpose of the selective terrorism is to "foment chaos," to intimidate those forces who want to see change in the country, and to prevent CAP's permanent separation from the presidency on Aug. 20. That day will complete the 90 days of his temporary suspension, at which point the Supreme Court could open up criminal proceedings that could land CAP in jail.

In further developments, the Supreme Court has ordered a trial of former President Jaime Lusinchi, CAP's predecessor from the same party, which will undoubtedly affect the results of next December's elections.

In any case, it would appear that the acts of terrorism have proven counterproductive for those who had hoped to benefit from them, since the public has been fully alerted. The trials of Pérez and of the powerful groups behind him are only just beginning.

Parliamentarians fight to save Bosnia

A new parliamentary caucus is bucking the pro-genocide line of the government and both major parties.

The "Save Sarajevo Parliamentary Group" was formed in the Australian Federal Parliament on Aug. 13 to stop the genocide in Bosnia-Herzegovina. Co-convenors of the cross-party caucus are Members of Parliament Ken Aldred, Laurie Ferguson, Paul Filing, and Ted Grace, and Sens. Robert Bell and Brian Harradine.

In a press release, the group said: "The Save Sarajevo Parliamentary Group was today formed to urge immediate action to save the besieged city of Sarajevo from falling to the Serb forces now surrounding it. The group, comprising members and senators from the Liberal Party, Labor Party, Democrats, and independents, has been established to focus national attention on the plight of the residents of Sarajevo."

The group scored the inaction of the United Nations, as well as, implicitly, that of the Australian government, noting that "it decried the lack of will by the United Nations to properly protect the lives of citizens of one of its own member-nations which now faces partition and dismemberment."

A floor debate is planned for Aug. 19 in both houses of the Federal Parliament, on a motion which includes the following points: that the House and Senate 1) deplore the continuing loss of life caused by Serbian aggression against the sovereign Republic of Bosnia-Herzegovina; 2) express their dismay at United Nations inaction in protecting the people of Sarajevo; 3) call upon the Australian government to demand decisive action by the U.N.

to end the continuing bloodshed in Sarajevo and elsewhere in Bosnia-Herzegovina; and 4) ask that the federal government also request the U.N., United States, and Britain to take whatever military action is necessary to prevent further slaughter in the Sarajevo area.

Paul Filing, a spokesman for the group who visited Sarajevo in 1992, and who along with MP Ken Aldred was one of the leaders of a similar parliamentary caucus last year, compared the events in Bosnia to pre-war Europe in the late 1930s. "Then the civilized world sat by and watched as murder, torture, and destruction went on under their noses. The United Nations, having failed miserably to prevent the carnage in Bosnia, is now being seen in the same light as the League of Nations."

Said Filing, "In the end there has to be resolute action, not just talk, to stop those who perpetrate barbarous behavior upon innocent civilians. The killing must stop, the aggression must stop, and if necessary, force must be used immediately to bring it to an end."

The group's formation was immediately welcomed by Australia's largest aid agency, CARE Australia. In a letter to the co-convenors, a CARE spokesman noted that "CARE Australia has recently criticized the Australian government for its inaction on funding assistance programs in the former Yugoslavia," and that "despite the pitiful contribution from the Australian government, more than 30 staff are risking their lives daily to help oth-

ers less fortunate than themselves."

In fact, the Australian government's contribution is less than pitiful, as is that of the United Nations. Said one parliamentary source, "The U.N. is actually stopping CARE from delivering aid into Bosnia. And to be blunt, [Australian Prime Minister] Hewson, [Liberal Party parliamentary leader] Peacock, and [Australian Foreign Minister] Evans would have been quite happy if the Serbian counter-attack had succeeded and the Croats and Slovenes just slaughtered. The Foreign Affairs Department liked the old Yugoslavia and thought that its collapse was just terrible."

Both of Australia's major parties, Labor and Liberal, share the same pro-Serbia foreign policy adviser, who claims that while "we in the West have late-20th-century morality," the Balkans has been wracked by wars for 800 years, that the Bosnians are merely the "least ugliest" this time around, and Bosnia itself is merely a "line in the sand." Meanwhile, Lord David "Dr. Death" Owen's senior military adviser on Bosnia is Australian Brig. Gen. John Wilson.

Outside the parliament, the Australian co-thinkers of Lyndon LaRouche, the Citizens Electoral Councils, launched an intensive mobilization to save Bosnia beginning on Aug. 7. The CEC sent faxes to each of Australia's 240 federal parliamentarians, followed by phone calls urging them to act, while thousands of Australians were organized to contact their parliamentarians as well as the U.S. and British embassies, urging action to end the genocide. A special "Bosnia hot line" phone number was set up with updates every 48 hours. In addition, the CEC published 10,000 copies of its monthly newspaper, the *New Citizen*, with the headline, "Stop British-Backed Genocide in Bosnia, Dump Owen."

International Intelligence

Russia's Kozyrev threatens Estonia

Russian Foreign Minister Andrei Kozyrev issued a threat against Estonia, in a commentary in the *International Herald Tribune* on Aug. 14. He charged the Estonian authorities with "policies reminiscent of ethnic cleansing," and warned that the issue of autonomy for ethnic Russians in Narva, Estonia "symbolizes one of the most serious challenges to European stability."

The Russian government would not stand by idly, but would come to protect the Russians in Estonia, and this should not be taken lightly in the West, Kozyrev warned: "Europe should heed the message from Narva."

Kozyrev's column coincided with a decision by the Supreme Court of Estonia in Tallinn, which ruled that the result of the mid-July referendum of the Russians in Narva for autonomy be declared invalid, on grounds that it was against the Estonian Constitution.

Violence breaks out in Chad and Kenya

Demonstrations by Islamic and tribal groups in both Chad and Kenya turned violent the weekend of Aug. 7. Both Chad and Kenya border Sudan, and the entire region is becoming a powderkeg.

In Chad on Aug. 8, a street protest in a N'Djamena suburb turned violent and the net result was that 66 people were killed and another 190 wounded. Gen. Wadel Abdelkader Kamougue, acting in the stead of Prime Minister Fidel Moungar who was out of the country, ordered an indefinite nighttime curfew. On Aug. 9, Kamougue banned "demonstrations of a tribal or religious character liable to disturb the public peace." The government has rushed troops to Abeche, capital of the eastern Ouaddai region, which borders Sudan.

In Kenya, President Daniel arap Moi said it is absurd for some opposition leaders now to be calling for the intervention of the

United Nations because of increasing tribal clashes, when they themselves have failed to play a responsible role in containing the situation. Moi also charged that certain civil servants had carried out activities that had tarnished the image of the government. He cited recent cases of leakage of government documents, the failure of banks, and the shooting of innocent people by policemen sent to maintain peace in areas of unrest.

Bolivian general hits drive to wreck military

Gen. Oscar Vargas Lorenzetti, commander of the Bolivian Armed Forces, attacked those "who want the disappearance of the Armed Forces," in a speech on Aug. 7, during the military's traditional welcoming ceremony for Bolivia's new President Gonzalo Sanchez de Lozada.

The general also warned against the "temptation of 'political interference' with military institutions under a democratic regime." President Sanchez said that while his administration plans "new roles in accordance with the times" for the Armed Forces, the government will respect the law that regulates the Armed Forces and will not change any of the commanders appointed by the previous government, until the end of this year when their term expires.

Russian military paper rejects U.S. interference

The Russian military daily *Krasnaya Zvezda* accused the United States of interference in the affairs of the former Soviet Union, in a commentary on Aug. 10. A well-informed observer of the Russian political scene told *EIR* that the commentary is intimately linked to the intensifying political warfare in Moscow.

The commentary was occasioned by reports that the U.S. official recently assassinated in Georgia, Fred Woodruff, was a CIA agent, and that the Clinton administration has prepared a policy directive outlining

modes of "preventive diplomacy" in conflict zones in the former U.S.S.R. *Krasnaya Zvezda* called alleged U.S. plans for greater involvement in the former U.S.S.R. a "direct and unceremonious interference in the internal affairs of Russia and neighboring countries." The paper accused Washington of trying to fuel, not reduce, tensions, and charged that Washington's real aim was to complete a policy pursued by Presidents Reagan and Bush, to undermine Russia's security.

Serbian police accused of repression in Kosova

Serbian police have been engaged in "a wild campaign of repression and grand-scale terror" in the Republic of Kosova, Kosova President Ibrahim Rugova told a press conference in Pristina Aug. 6. "As a consequence," he said, "hundreds of persons have been arrested, maltreated, and searched, and a number of them have disappeared. Through repression, Serbia wants to produce terrorism aimed at discrediting the peaceful process of the Kosova leadership and Albanian parties. But we will stick to our peaceful way towards solving the Kosova problem."

Rugova also charged that Serbia was destroying Kosova's economy: "Following the ruining of the state-owned economy in Kosova, Serbia is engaged in destroying small, private, Albanian-owned businesses in Kosova. As a consequence, the economic and social situation in Kosova is alarming."

During the week of Aug. 2, Kosova Prime Minister Bujar Bukoshi issued a statement deploring punitive expeditions by the Serbian police in Kosova: "The republic of Kosova is deeply grieved by the escalation of tensions in its territory through falsified and concocted incidents. The fourth incident during the last two months occurred several days ago, in which a wounded policeman was used as a pretext for the massive beating up of the population of this region."

Bukoshi appealed to the international community to intervene to stop the further

Briefly

increase of tensions and so "avoid the worst, so that grief and revolt do not determine the future of the region." He warned that "we have so far managed to prevent a Bosnian-type of conflict, but this does not mean that we can bear this for much longer. With the passing of time, patience has limits."

Israel now openly negotiating with PLO

Political deals are currently under way involving Israel and the Palestinians, which could have far-reaching consequences for the region. In the aftermath of the Israeli assault on Lebanon, Israel is publicly agreeing to talk with officials of the Palestine Liberation Organization (PLO) for the first time.

Three Palestinian peace negotiators were named to a PLO leadership body after publicly threatening to resign due to what they say are concessions by the PLO executive. The three are Hanan Ashrawi, Saeb Erekat, and Faisal Husseini.

Despite the fact that the three have now openly emerged as official PLO leaders, the Israeli government of Prime Minister Yitzhak Rabin reports that it will continue to negotiate with them in the Washington peace talks. "It's the same delegation," said Israeli Foreign Minister Shimon Peres. "For us it doesn't matter."

The Rabin government had lifted the ban on PLO contacts in January; one week later, Gen. Moshe Dayan's daughter met with PLO leader Yasser Arafat in Tunis. In July, Environment Minister Yossi Sarid met with PLO representatives in Egypt, as did Cultural Minister Shulamit Aloni.

The conditions for the dramatic turn-about were prepared by the Israeli attack on Lebanon earlier this month, which neutralized the hardline Likud party, while also preparing the way for a deal with Syrian President Hafez al-Assad.

Despite claims to the contrary, Israel, like the United States, has engaged in official, if covert, talks with the PLO.

According to well-placed Palestinian sources, World Jewish Congress head Edgar Bronfman, as well as his brother

Charles, are the masterminds behind the move to establish public Israeli-PLO talks. Both have long patronized Rabin. The Bronfmans have frequently been called on to mediate PLO-Israeli relations since at least 1985. Their role in the recent developments is one of many reasons to suspect that the Israeli shift is not going to do anything to improve the lot of the Palestinians.

Swiss analyst sees world at 'turning point'

The world is at a turning point, in which "instability, uncertainty, and risk" will characterize the international scene, and in which the prevailing political elites and governments in the West will be increasingly discredited, wrote senior commentator Ernst Kux in the Swiss daily *Neue Zürcher Zeitung* on Aug. 13.

Kux stressed that the institutions that have had predominance in past decades, including NATO, the European Community, and the Conference on Security and Cooperation in Europe, are being rendered irrelevant and impotent by the pace and direction of events, as seen in the Balkans and in the Caucasus. The "growing tensions and profound changes in the western democracies" can be seen in the latest election results in Denmark, France, Canada, Italy, and Switzerland.

According to Kux, "the chasm between government and citizens, above all between the political elite and the society, is growing in all democracies alike. The contradiction between promises made and promises kept is noticed and *no longer accepted* by the better educated and informed citizens. The presumption of the political elite, that they understand things better and should lead, is put into question by what happens in practice, and is no longer acknowledged by the society." At the same time, corruption is undermining confidence in government in many countries.

Kux wrote that "the crisis of western democracy is linked, not least, with the weakness of leadership of politicians, who no longer call up the courage and will to show the way to fight for goals."

● **U.N. MEDIATOR** Thorvald Stoltenberg "has lots of friends in Serbia," a Norwegian activist opposed to the U.N. policy of appeasing Serbia told *EIR*. "He did his early diplomatic training in Belgrade. He made a number of friends, some of whom took care of his kids. He developed lots of contacts in high places."

● **EGYPT** is planning to establish settlements in disputed territory on the Sudanese border, according to the journal *African Analysis*. Egyptian President Hosni Mubarak has approved plans for moving 15,000 Egyptian settlers into the Halaib territory. The move, according to diplomatic sources, could spark a war between Egypt and Sudan.

● **THE BOSNIAN** magazine *Ljiljan* is serializing an *EIR* Special Report, "Why U.N. Plans for World Government Must Be Stopped," beginning in its Aug. 4 issue. The report highlights the perfidy of the United Nations in the Balkans. The magazine plans to publish the whole report in book form in the future.

● **THE BRAZILIAN** Army Ministry requested a secret session of the congressional Defense Commission to allow military leaders to present evidence of how U.S. military forces are threatening Brazil, according to the Aug. 13 *Jornal do Brasil*. Two generals testified that the United States intends to build military bases ringing Brazilian territory.

● **ITALY'S** national police chief has charged that the Mafia's campaign of terrorist bombings has been aided by "extremist groups" in former Yugoslavia. He said that organized crime groups are exchanging weapons, "favors," and logistical support with former Yugoslavs.

● **RUSSIAN** Foreign Minister Andrei Kozyrev told reporters in Sweden on Aug. 15 that Moscow and Kiev are close to agreement on the scrapping of nuclear weapons on Ukrainian territory.

The truth about Carlos Andrés Pérez

by the Venezuelan Labor Party and
the Ibero-American Solidarity Movement

On May 19, one day before the Venezuelan Supreme Court was to announce its verdict on whether there were sufficient grounds for trying President Carlos Andrés Pérez (known as "CAP") for corruption, the Venezuelan Labor Party and the Ibero-American Solidarity Movement (MSIA) jointly published a pamphlet entitled "The Truth About CAP." EIR is serializing the translated text of the pamphlet in six installments. The first chapter, "CAP Destroyed the Productive Economy," appeared in our July 30 issue; the second, "Washington's Man and the New World Order," in our Aug. 6 issue; the third, "Venezuela's Drug Traffic under CAP's Rule," in our Aug. 13 issue; and the fourth, "Corruption and CAP's Financial 'Inner Circle,'" in our Aug. 20 issue.

"The Truth About CAP" is not only important for Venezuela and Ibero-America, but also for the United States. President Bill Clinton has continued to apply the major elements of George Bush's policy toward the continent, for which Pérez—currently suspended from the presidency—considered himself the spokesman.

Chapter 5: CAP and terrorism

Not only have the drug-trafficking networks benefitted under the administration of President Carlos Andrés Pérez, to the point of becoming the financial axis of the country, but, just as under his first administration, there has been a daily increase in insecurity, threats, covert operations, and links between government entities and terrorist groups and

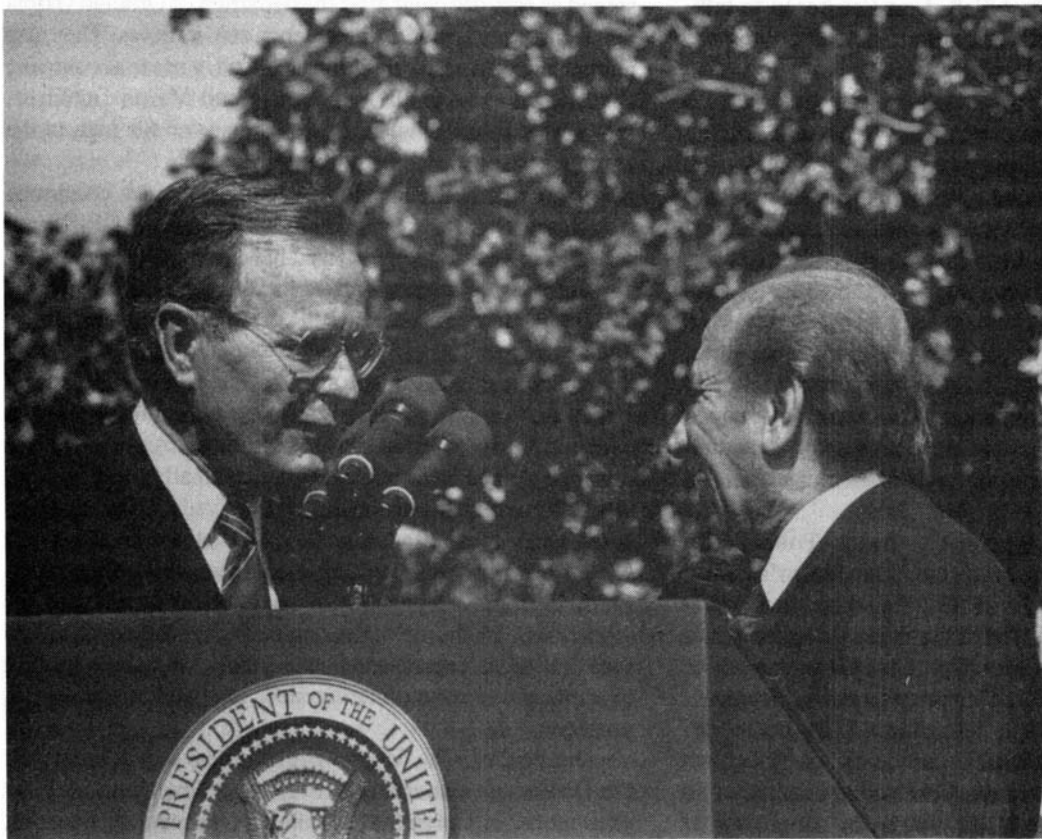
networks. The scandals that emerged during 1991 around various members of CAP's "inner circle" reveal how a shady band of gangsters can reach the highest levels of power in a nation.

The affair began when a number of opposition journalists in early 1991 denounced the existence of a shadowy group of individuals linked to government security and engaged in espionage and harassment against individuals and political and business groups, for the purpose of keeping serious acts of public corruption from reaching the light of day. Among those threatened were several journalists from *El Nacional*, Rafael Poleo, the editor of *El Nuevo País*, and José Vicente Rangel.

It was also stated that this group had a massive espionage capability for tapping phones with sophisticated equipment, and which sold information to the tune of some 3 million bolivars a day. Those responsible were identified as the head of the Military Intelligence Bureau (DIM), Gen. Herminio Fuenmayor; the President's security chief, Orlando García Vásquez; and a "Caribbean adventurer," Lázaro Rogelio Ugarte Bresslau, who is tied to Orlando García (*El Nuevo País* April 24, 1991). Each of their histories clearly exposes what kind of people make up the "inner circle" of President Carlos Andrés Pérez.

Orlando García and his Gardenia

In May 1991, Gen. Carlos Julio Peñaloza, commanding general of the Army, appeared before Congress to confirm press exposes of corruption in the sale of munitions to the



*Carlos Andrés Pérez
with George Bush at the
White House in 1990.*

Army. It dealt with the Margold Corp., whose proprietor, Gardenia Martínez, is a relative of CAP's mistress Cecilia Matos and the wife of CAP's agent Orlando García.

The Margold Corp., an intermediary of the Spanish arms-producing company Santa Bárbara, was given the contract to purchase about \$5 million worth of munitions. Within three days of winning the bid, Margold altered the contract, claiming a change in costs incurred by the producer company based upon documents which later turned out to be falsified. The munitions were never delivered, although they were scheduled for delivery in late 1989. These manipulations were accomplished through intense pressures from the presidential "inner circle," including calls from Cecilia Matos to the military in her friend's favor.

CAP insisted that the accusations were false, and that his security representative, Orlando García, never even sold the Army "a little boat." Later investigations revealed that the real owner of Margold is Orlando García, and that he was already involved in another series of crimes. Under pressure from the military and the media, Orlando García was forced to retire from CAP's security retinue, with which he had been linked for four decades. Orlando García flees the country whenever he is sought for interrogation. To handle security matters, CAP has substituted his associate Ugarte Bresslau, but under the alias of "Armando Méndez Cárdenas."

The misfortunes of Herminio Fuenmayor

Everything was going very well for Gen. Herminio Fuenmayor, the director of DIM in CAP's administration, until a truck carrying 621 kilos of cocaine was stopped in the township of Peracal, near Cúcuta. Driver Mario Schillacci bore credentials from the Venezuelan political police, the DISIP (Dirección de los Servicios de Inteligencia y Prevención). The owner of the shipment, Edwin Rincón, was stopped despite the fact that he was driving a vehicle with military plates. It turned out to be a BMW belonging to DIM director Herminio Fuenmayor. The Rincóns are business associates of Zulia businessman Iván Camacho—an intimate friend of Fuenmayor—then accused of being one of the key men in the drug trade's "Caribbean connection."

Apparently, the police pursuit of the Camacho and Rincón network had involved Osmeiro Carneiro, a commissioner of the DIM linked for some years to the U.S. Drug Enforcement Administration (DEA) who was also known for his ties to the editor Rafael Poleo. General Fuenmayor immediately ordered the reopening of a disciplinary investigation against Carneiro dating back five years, in which he was accused of "abuse of authority" in the arrest of soldiers who were selling weapons to the Colombian guerrillas. Although he was left a paraplegic after suffering a stroke, Commissioner Carneiro was arrested and taken to San Cristóbal prison. Afraid that

Fuenmayor might order him killed, Carneiro began to talk. So serious were Carneiro's revelations that the Congress named a special commission to investigate them.

On June 12, 1991, Army Commander Carlos Julio Peñaloza, called on Defense Minister Vice Adm. Jurado Toro to subject General Fuenmayor to a military commission of inquiry, since he possessed "irrefutable evidence of the criminal behavior of said general." Peñaloza requested that the minister seek the urgent authorization of President Pérez, which was necessitated by the rank of the accused. The request was ignored.

One day later, on June 13, the home of newspaper editor and former Democratic Action (AD) congressman Rafael Poleo was assaulted by a commando force which blew open his two safes and carried away all the documents. The editor fled into exile, while public opinion held Fuenmayor's DIM responsible.

Several days later, the Judicial Technical Police (PTJ) seized the presumed authors of the assault on Poleo's house, but because of their links to the DIM, they were turned over to the latter. On July 3, the head of the group, Winston Vivas Useche, was found shot to death in the DIM basement, where he had been held. DIM officials claimed it was a suicide.

Two days later, on July 5, before leaving for the swearing-in of Defense Minister Gen. Fernando Ochoa Antich, an implacable enemy of Fuenmayor, CAP called Fuenmayor to ask him to resign. On July 11, despite being sought by the justice system, Fuenmayor fled to Miami.

But not everything was proving calamitous for Fuenmayor; CAP had not forsaken his friend. In August of that year, CAP publicly stated that he had the results of the investigation into the assault on Rafael Poleo's house, which concluded that Poleo had set it up to look like a kidnapping attempt, and that the death of Vivas Useche was confirmed a "suicide." The president of the ruling AD party, Humberto Celli, was the first to respond that the national executive committee of the AD did not believe the version offered by the President. Despite this, the Superior Judge overseeing the case issued an arrest warrant against Poleo. The Inter-American Press Society and other international bodies protested, but things remained as they were, and Fuenmayor returned to Venezuela.

Who is Ugarte Bresslau?

As on other occasions, CAP deceived the nation when the activities of his agent Luis Rogelio Ugarte Bresslau began to be revealed. "He doesn't exist," CAP first declared. "I have had no other security chief but Orlando García." The then-minister of the secretary of the presidency, Beatriz Rangel, told Congress that she knew of no official with that name working out of her office. "He has never worked in the Miraflores [presidential] Palace," she stated.

Nevertheless, the national press presented the documents which Ugarte Bresslau, alias "Méndez Cárdenas," had

signed as security chief after the departure of Orlando García from the secretariat of the presidency at Miraflores. They also published the trip authorizations paid to Ugarte to accompany CAP, together with Orlando García and Martín Gutiérrez, "former" security chief to Pedro Tinoco, on his trips to the United States, Colombia, and Europe.

Similarly, DISIP head Raúl Jiménez Gainza confirmed that Ugarte Bresslau worked at Miraflores on the DISIP payroll. The Venezuelan vice consul in Miami, Anelo Espinoza, also informed Congress that he had known Ugarte Bresslau in the Miraflores Palace since the first CAP administration in 1974.

According to abundant information in the press (see *El Nacional*, Aug. 13, 1991), Luis (in some publications he is called Lázaro) Rogelio Ugarte Bresslau is of Cuban-Spanish origin, obtained U.S. citizenship, and, finally, only in April 1991, Venezuelan citizenship. He arrived in Venezuela in 1969, when Luis Posada Carriles (convicted of blowing up a Cuban airliner) was working as Venezuelan police chief. From 1971 to 1974, under the name of Luis Contreras, he worked as CIA liaison to the Armed Forces Information Service (SIFA), later replaced by the DISIP, on matters relating to subversion, counterintelligence, and Soviet and Cuban problems.

During 1975-76, Ugarte Bresslau leaves Venezuela for the Dominican Republic. In 1979 he is adviser to the Bank of Bogotá, in Colombia. In 1982 he appears in Ecuador, working at the Pacific Bank of Guayaquil and as security adviser to the presidential campaign of Febres Cordero. He also travels to Uruguay, Argentina, and Spain. In 1984 he returns to Venezuela, then travels to Guatemala to work in the presidential campaign of Vinicio Cerezo, and there he carries out intelligence functions for the Venezuelan government with a diplomatic passport. In 1988 he is incorporated into CAP's electoral campaign, together with Orlando García and the chief of security of Banco Latino, Martín Gutiérrez.

The leaders of the Movement toward Socialism (MAS) party, Víctor Hugo Di Paola and Rafael Guerra Ramos, accused Ugarte Bresslau of drug trafficking before Congress, at the beginning of hearings on the case. There they sought an investigation into "the connections of this individual with the financial system, specifically with the Banco Latino, due to the fact that it is well known that drug dealing not only operates out of the police and security corps of the state, but is also carried out through economic power, in the financial system and in the business sector."

Di Paola and Guerra Ramos stated that Ugarte Bresslau "is also suspected of having links with Banco Latino Vice President Gustavo Gómez López," who, together with Martín Gutiérrez, has a security office in Altamira where "it appears they are carrying out purchases of the Venezuelan foreign debt" at precisely the time that their former boss Pedro Tinoco had been appointed by CAP as president of the Venezuelan Central Bank (BCV) and as negotiator of the

Venezuelan foreign debt (*El Nacional*, July 26, 1991).

The press speculated that Ugarte Bresslau was similarly linked to Mario Anello, a Cuban-born double agent who lived in Argentina and Uruguay and who became the key figure in a drug-trafficking network that operated from Argentina into both the United States and Europe, a network in which the relatives of Argentine President Carlos Menem are also implicated in what has come to be known as the "Yoma case," now under investigation in Spain by Judge Baltaza Garzón (*El Nacional*, July 30, 1991 and Jan. 28, 1992).

Ugarte Bresslau has also been associated with Cuban-born agent and drug trafficker Ramón Puentes, who also lived in Uruguay and Spain and whom the DEA believes to be the treasurer of the network. Apparently, Puentes participated in a 1984 meeting in Spain in which the Colombian drug cartels joined operations with the Italian mafia, under the protection of high-level political figures in several countries.

"Who protects this person?" asked *El Diario de Caracas* in a Sept. 26, 1991 editorial, referring to Ugarte Bresslau. "Any other Venezuelan would already have been arrested for far less serious crimes." It added:

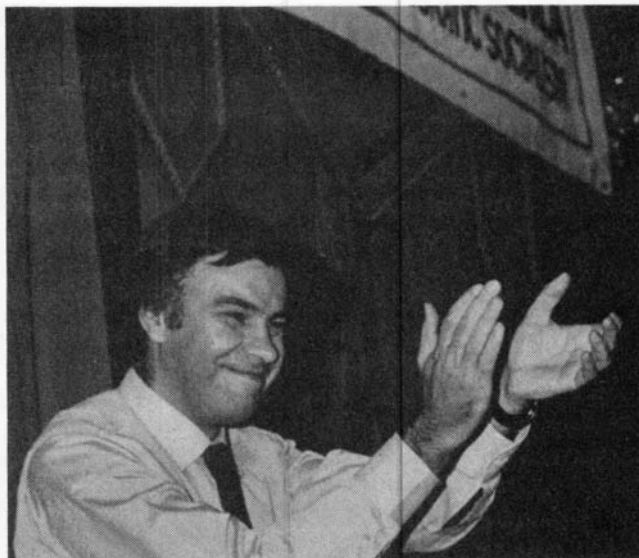
"Lázaro Rogelio Ugarte Bresslau, Armando Méndez Cárdenas and Luis Contreras are but one person with three different names, and is accused of carrying three identity cards. . . . He appears as representative of a company—Celere, Inc.—linked to the drug trade and to money laundering in three different instances in a DEA report. This document was given to the 'Carneiro Commission' last Sept. 4 by PTJ director Mauro Yáñez Pasarella.

"The working minutes of the Drug Investigation Division of that police agency, also given to the Congress by Yáñez Pasarella and, according to him, sent to the criminal court on Feb. 26, 1988, also link that company with a shipment of drugs discovered by U.S. authorities aboard the vessel *Mercadian Continent*.

"According to statements of Interior Minister Alejandro Izaguirre, Ugarte Bresslau did work at Miraflores, and traveled with the President of the Republic on official missions. He was a public official.

"Among the revelations heard by the 'Carneiro Commission' is also [Ugarte Bresslau's] work as a CIA informant and his supposed links to the sabotage of the Cuban airplane in which 72 athletes lost their lives. 'He is known as the *éminence grise* of the death squad which operated out of the SIFA and then the DISIP,'" Osmeiro Carneiro publicly charged.

"Former DISIP director Jiménez Gainza declared: 'I kicked Commissioner Lázaro Ugarte out of the DISIP after receiving the report of Commissioner Anelo Espinoza from Miami, which involved him in a drug matter.' On Tuesday, speaking before Congress, Ugarte Bresslau asked the congressmen not to believe the PTJ, and that the DEA [report] was false."



Spanish Prime Minister Felipe González. He has often relied on his fellow socialist CAP to transfer ETA terrorists from Spain to Ibero-America.

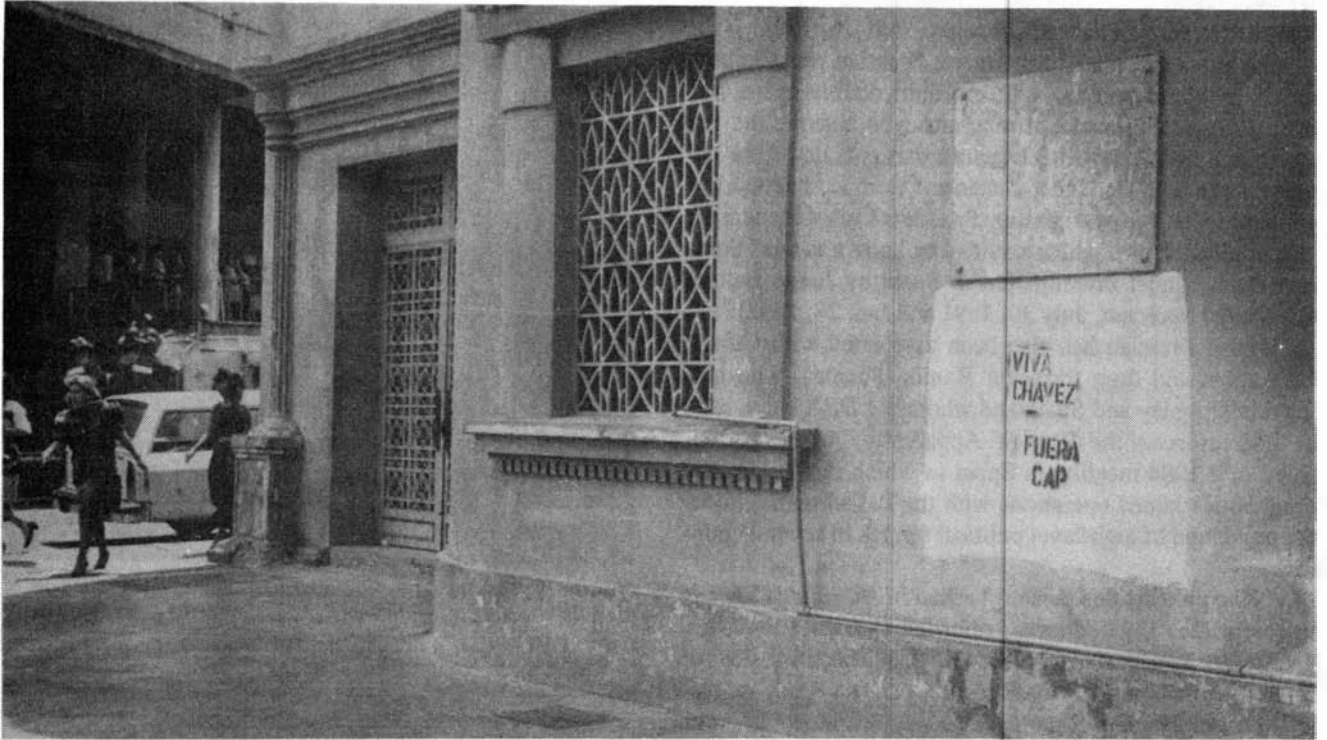
The *El Diario de Caracas* editorial concludes:

"It is obvious that Ugarte's protection has given him tremendous power that has put him above the PTJ, the Interior Ministry, the DISIP, the CIA, the DEA, and all of our laws."

One would have to add that the same networks involved in the drug case around Celere, Inc. in Miami, including the *Mercadian Continent* ship, were captured in late 1991 in Houston and Miami with a cargo from Venezuela amounting to more than 18,000 kilos of cocaine, hidden inside concrete posts. As noted earlier, former Caracas Gov. Ramírez Torres, imprisoned for drug trafficking, said about this cargo that "with the money from that operation, they [the traffickers] planned to participate in the privatization process."

Carneiro draws back the veil

The revelations concerning the President's security gang were so serious that by mid-1991 there were four separate congressional commissions investigating them: the Media Commission was dedicated to investigating intimidation of journalists and the assault on Poleo's home; the Interior Relations Commission was investigating the security of individual complainants and the death of Vivas Useche; the Defense Commission was investigating what was going on with the Bureau of Military Intelligence (DIM) during the Fuenmayor period, and was proposing its reorganization; and finally, given the gravity of the accusations by Commissioner Carneiro, a Special Congressional Commission was created, known as the Carneiro Commission. "Should it be proven," said the press, "even partially, that Carneiro is telling the truth, Venezuela will confront the greatest scandal of corruption, drugs, and abuse of power in its history, and the matter



A wall in Caracas in 1993 reads, "Long Live Chavez, Out with CAP."

will take on international proportions."

With his 23 years as a policeman and as liaison between the DEA and the DIM, with the rank of commissioner general, Osmeiro Carneiro began to be questioned by the congressional commission on July 26 at the San Cristóbal military hospital, where he was being held. Exonerated of all charges a few weeks later, he returned to Caracas where for the following months he continued to attend various congressional hearings upon request, providing new information and evidentiary documentation. In 1992, after serious harassment and judicial persecution against him, he had to leave the country.

The following are the most important of his revelations about CAP's "personal entourage":

Ugarte Bresslau is characterized as a "sinister man." In 1969, when I knew him, said Carneiro, he was called Luis Contreras. He was head of the CIA office that operated out of SIFA, which then became the DISIP. In the 1970s, Carneiro helped to dismantle a "death squad" headed by Ugarte Bresslau which was uncovered in connection with the assassination of the lawyer of Alberto Aguilar Serrada and inspector Alberto Nuñez Tenorio. Policeman Larry Espinosa, a member of the death squad, later told all.

During the Lusinchi presidency, Carneiro saw Ugarte again. He was presented by the DISIP as **Luis Armando Méndez**. "Ugarte is a member of the CIA, an adventurer, drug trafficker. I personally saw his dossier at the DEA. . . . Wherever he goes, death follows."

Hermínio Fuenmayor ran telephone espionage through Norberto Villalobos Fuenmayor (Hermínio's cousin), whom he made chief of investigations at the DIM. A large part of the espionage equipment was stationed in Miraflores Palace. With this equipment, purchased in Germany by Fuenmayor himself at government expense, lucrative trade activity is conducted by Fuenmayor, in the company of other former policemen like Rafael Rivas Vásquez, through the company Metra 3,500.

Carneiro states that a Fuenmayor subordinate, Col. Rafael Angel Belmonte, personally hired a group of Medellín hitmen to assassinate General Ochoa Antich, but the operation in the end was unsuccessful.

He also describes his investigation into the Caribbean Connection in Maracaibo, where he discovered that Iván Camacho and Edwin Rincón, friends and associates of Hermínio Fuenmayor, had built a marina from which motors were sent to the United States for repair. Inside the motors were drugs. When Carneiro reported this to his chief in Maracaibo, Gen. José Antonio Guerra Sánchez, he was asked to suspend his operations and leave the city.

Carneiro stated that the DIM received strange airmail packages, and, on the one occasion that an agent opened one of these, cocaine was found. The package was addressed to a niece of Fuenmayor named Pilar, who was in charge of DIM public relations. This information came from DIM agent Vivas Useche, who worked for Fuenmayor but was on occasion a confidant of Carneiro. He said that he knew Vivas

Useche well, and that he would never commit suicide. He had a "commando's training, made for survival," said Carneiro.

Concerning the police networks linked to CAP and the drug trade, Carneiro added that 1,200 kilos of cocaine had been seized in Calabozo in 1989. The drug financier, who carried DISIP credentials, was linked to the secretary of DISIP director and Cuban-Venezuelan Rafael Rivas Vásquez. Carneiro lamented that CAP merely fired Rivas Vásquez after the incident.

Carneiro called **Orlando García** a "Caribbean gangster," the creator of a terrorist apparatus during the first CAP government, and the primary author of the 1976 bombing of the Cubana de Aviación airplane in which 72 people died. He accused García of being an accomplice in the assassination of former Chilean Foreign Minister Orlando Letelier that same year. Commissioner Carneiro said that he had filmed terrorist Cuban agents who participated in the event, in which they give all the details. Further, he stated, it was no accident that the files on the Cubana airplane case were in the hands of Judge Lucy Hernández Buitrago, who is the current wife of Ugarte Bresslau, and that very important elements of that file which implicated Ugarte and Orlando García in the crime had been adulterated.

The terrorists of '76

On Sept. 21, 1976 just a few blocks from the White House in Washington, D.C., a bomb exploded under the car of the former Chilean foreign minister of the Salvador Allende government, Orlando Letelier, killing him and his American secretary Ronnie Moffit. Investigations concluded that an agent of the Chilean secret police (DINA), Michael Townley (also tied to the CIA), had planted the bomb, together with two exiled Cubans living in the United States. Later, Maj. Armando Méndez Larios, who was also a DINA agent, deserted the Chilean Army and secretly traveled to Washington, where he acknowledged his involvement in the attack on Letelier "on orders from above," and was sent to prison. The "intellectual author" of the crime was said to be the then chief of DINA, Gen. Manuel Contreras. Letelier was buried in Venezuela, where he had lived in exile the previous year.

The attack against Letelier and other events during that period triggered an international reaction to the government of Gen. Augusto Pinochet, including a trade and diplomatic blockade by the United States and other countries.

In September 1991, some 15 years later and with Pinochet out of government, the Letelier case was reopened in Chile with accusations against General Contreras. All the media covered his testimony before Judge Adolfo Banados, who heard the case: "The assassination of Orlando Letelier was committed by the Central Intelligence Agency . . . and also involved men from the Venezuelan Intelligence Bureau, the DISIP," stated Contreras. He added: "This was with the knowledge of Mr. Carlos Andrés Pérez, President of the Venezuelan Republic."

The Chilean judge, through the Foreign Ministry, sent a petition to President Pérez to respond to certain questions regarding the case. The Chilean press also speculated at the time that similar petitions would be sent to former U.S. President George Bush and to Vernon Walters, respectively director and deputy director of the CIA during the period in which the attacks were carried out, and historically linked to the network of Cuban terrorists in Miami.

As evidence against CAP's Cuban agents, Contreras's defense had presented the Chilean court with the testimony of Commissioner Osmeiro Carneiro, and of the lawyer who defended Orlando Bosch in Venezuela in the case of the Cuban airplane bombing, Pío González.

The defense argument of the Chilean DINA was based on the fact that the Letelier assassination was a provocation to force international repudiation and the collapse of the Pinochet regime. Why would a Latin American government that was having problems with the United States, want to kill an internal opponent who had been recently released from jail with a bomb in the middle of the U.S. capital, also killing a citizen of that country, they asked?

Further, there are certain facts that point to the band of terrorists that CAP brought to Venezuela at the inception of his first administration:

- The CIA helped in the reorganization of the DISIP through various Cuban agents trained by it for the Bay of Pigs invasion and later for terrorist actions. Among these are Luis Posada Carriles and Rogelio Ugarte Bresslau, who were then closer to the COPEI government which was about to end. Also included were Orlando García, Ricardo Morales Navarrete, and Rafael Rivas Vásquez, all directly linked to CAP. After only a few months in the country, Morales Navarrete was put in charge of Division 54, the DISIP's foreign intelligence division.

- According to Morales Navarrete, in mid-1976 there was a meeting held in Bonaó, Dominican Republic of all the Cuban exile factions, to carry out actions that would supposedly cause the fall of the Fidel Castro regime. Morales Navarrete and Posada Carriles were there, and a general plan was worked out to include the assassination of Orlando Letelier.

Morales Navarrete explained years later, on Miami television, the details of these operations. He stated that he was working under orders of Orlando García and that he personally presented CAP with a report on the Bonaó meeting and the Letelier assassination plan, three months before the attack.

One year later, CAP sent Diego Arria to Chile to win Letelier's release from prison, and he was brought to Caracas. Because of differences that later surfaced with Arria, Letelier finally went to Washington. Arria, another "jewel" in CAP's circle, had been CAP's ambassador to the United States during his second administration.

- Fifteen days after the Letelier attack, on Oct. 6, 1976,



Vernon Walters.

the bombing of the Cuban commercial airliner of Cubana de Aviación occurred. Seventy-two people died, including the entire Cuban fencing team which had just competed in Venezuela. CAP immediately sent David Morales Bello to Barbados and Cuba to ensure that investigation of the case would take place in Venezuela, which was accomplished despite the fact that the crime took place in Barbados against Cuban citizens and in a Cuban government airplane. Blamed for this “atrocious crime,” according to international law, were Cuban extremist Orlando Bosch (secretly brought to Venezuela by his DISIP friends only days before the bombing), former police chief Luis Posada Carriles, and two Venezuelan aides to the DISIP.

- Both Bosch and Posada Carriles have for years repeatedly proclaimed their innocence, blaming CAP’s police for the assassinations. On the other hand, Morales Navarrete, an anti-Castro Cuban who in his own words was everybody’s agent, when he publicly claimed responsibility for the bombing, stated that it was a legitimate act of war since Cubana de Aviación was transporting Cuban troops and equipment to Angola. Morales Navarrete added that the attack had been planned by CAP security chief Orlando García, and that “we got President Carlos Andrés Pérez’s permission to carry out the operation in the Caribbean, in exchange for running operations against Guyana. . . . We were going to destabilize the

Guyanese government” (*Zeta* magazine, Aug. 15-26, 1991, transcription of the television program on which Morales Navarrete spoke).

In reopening this case, the Venezuelan press noted that Morales Navarrete was assassinated in a Miami bar some time later. In the edition cited above, *Zeta* presented the Morales Navarrete transcription, and added the note: “On Dec. 9, 1981, four men gathered in Suite 1534 of the Holiday Inn in Miami — Ricardo Morales Navarrete, Francisco Chao Hermida, (the famous Venezuelan lawyer) Raymond Aguiar, and Osmeiro Carneiro—to speak at length of the bombing of the Cubana de Aviación airliner. . . . Of these four men, three have died under highly suspicious circumstances; only one, Commissioner Gen. Osmeiro Carneiro, is still alive.”

- Returning to the Letelier case, the Chilean DINA further insisted that CAP’s Cuban agents tried to infiltrate DINA at least twice, sending supposedly anti-Castro Cubans to seek DINA support for terrorist activities. The DINA discovered that they had been sent by the DISIP and returned two of them to the United States, where they were wanted by the FBI. They further stated that Orlando García and Morales Navarrete were not only agents of the CIA and the DISIP, but also of Fidel Castro and of the Cuban secret police (DGI).

- Finally, U.S. prosecutor Eugene M. Propper, responsible for investigating the Letelier case, revealed that the Carlos Andrés Pérez government threw obstacles in the way of his investigations by denying him permission to interrogate Orlando Bosch and other terrorists being held in Venezuela. He did, however, interrogate Rivas Vásquez and Orlando García, who admitted in sworn statements that the Pérez government had brought Cubans accused of terrorism in the United States into Venezuelan security agencies; they nonetheless denied any involvement in the Letelier attack.

CAP terrorists today?

With such a history in the area of international terrorism, CAP has always been considered by those who know him well to be an expert in handling such cases. His friend Felipe González (Prime Minister of Spain) has on several occasions relied on his help in transferring ETA terrorists to Ibero-America, under certain conditions. His Oil Minister Valentín Hernández was the negotiator, for example, when the terrorist “Carlos” kidnapped Organization of Petroleum Exporting Countries representatives in the 1970s.

In addition to what we have covered in Chapter 3 regarding CAP’s public interventions in favor of communist guerrillas such as the Nicaraguan Sandinistas, the FMLN of El Salvador, and the Guerrilla Coordinator and M-19 of Colombia, it is worth emphasizing that in the M-19 case in particular, we are dealing with narco-terrorists whose leaders have repeatedly insisted on dialogue with drug traffickers and on legalizing the drug trade. They were also responsible for the

siege against the Colombian Justice Palace in 1985 and of murdering more than 10 Supreme Court magistrates who were overseeing drug trafficking cases.

What military, paramilitary, or terrorist response was the dying CAP regime plotting, to allow it to survive following the two military coup attempts against it in 1992, many Venezuelan news analysts have asked. This question is not rhetorical. Two months after the Feb. 14 coup attempt, various Venezuelan media published the rumor that, because of internal crises within the Venezuelan Armed Forces and security agencies, a corps of foreign mercenaries had been hired to protect CAP and to guarantee the failure of any other coup attempt by his opponents.

Herminio Fuenmayor, the former head of the DIM and part of CAP's special operations team, told the press that there existed a subversive plan to assassinate Venezuelan opposition leaders such as writer Arturo Uslar Pietri, former President Rafael Caldera, and Attorney General Ramón Escobar Salom. The intention, according to Fuenmayor, was to blame the government for the assassinations and cause its fall.

Uslar Pietri commented: "President Pérez has had the tendency to surround himself with foreign and some Venezuelan professional police, to have a very unrespectable and uncommendable security apparatus which could trigger serious disturbances in the country that would allow things like this to be said and to foster the belief that they could happen. There is a very faint line between certain kinds of police and certain kinds of criminals."

CAP considered Uslar's statement false and exaggerated. But shortly afterwards, on May 10, MAS leader Teodoro Petkoff identified two sites where mercenary squads were being trained: one in Guárico and one on the "Somosagua" estate (along the coast of Falcón state), owned by Martín Gutiérrez Ramírez, the "former" Banco Latino security chief and adviser to CAP along with Orlando García and Ugarte Bresslau.

'Somosagua'

According to Petkoff, whose charges were later confirmed by journalist José Vicente Rangel, residents of the area reported on the disembarkation of nearly 100 men in the area of San Juan de los Cayos, heading for "Somosagua." Days later, the Defense Ministry ordered an inspection visit to the place and found no mercenaries.

However, Army Col. Ernesto Durán Barrera, one of the DIM chiefs in Falcón, following a March 20, 1990 raid of "Somosagua" to check out suspicious occurrences, prepared a report. Colonel Durán's report, according to *El Nacional* on June 10, 1992, stated that "among the presumed occurrences were overflights by small airplanes at low altitude, to discharge certain dark shapes; an intense mobilization of all-terrain vehicles on the property; numerous security personnel . . . ; bearing of weapons exclusively used by the police and

military, Uzi sub-machineguns . . . ; military-style sentry posts along the property perimeters; a heliport; mistreatment of residents of the town La Viña."

The report continued: "The presumed owner of the estate 'Somosagua,' citizen Martín Gutiérrez . . . bore government license plates on his vehicle."

One month later, the head of a PTJ delegation from Falcón carried out its own investigation of the case. Its report indicated that "on the day of the raid, it was not possible to inspect the entire estate, because the colonel in charge of the proceedings received telephone calls from Miraflores, from military and from political figures, demanding his departure. They never got to see the airstrip because of the immediate order to withdraw from the place. They had one helicopter, registration YV503CP, which transported staff from Caracas."

A second PTJ report added: "With such characteristics as mentioned earlier, with such a large number of personnel, this estate could not have been very profitable if one considers that it only had 1,200 livestock, insufficient to maintain the estate nor cover the payroll. The investment in equipment, motorcycles, machinery, vehicles and infrastructure in general did not conform to a company truly committed to agriculture."

Finally, the report noted that according to residents of the area, "that estate was owned by President of the Republic Carlos Andrés Pérez, who used DISIP Commissioner Martín Gutiérrez and his two sons as front-men. The security personnel for the estate were former police officials."

Attacks

In one form or another, apart from brutal repression and constant threats against the political sector and the media, starting in mid-1992 Venezuelans began to see something which had not occurred for a long time in Venezuela: political assaults, sometimes confused with the rise in common crime, against business and political leaders, journalists, and military men, directly or against their families. Also, the Catholic Church has exposed a campaign of threats and intimidation against it.

A supposed terrorist commando squad, bearing every sign of having been created in a laboratory, has also appeared under the name "Bolivarian Liberation Forces." These terrorists claim responsibility for the September 1992 attack against labor leader Antonio Ríos and for another in November against the former president of the social security institute, Pedro César Izquier. The presumed authors of the latter attack insisted to the media that they have a list of another 127 targeted victims.

Although the children of Antonio Ríos at once pointed to CAP as being behind the attack on their father, Ríos was more discreet. After his recovery and later arrest for alleged involvement in a corruption case, Ríos stated: "I am a political prisoner of the same person who tried to kill me."

LaRouche explores presidential options

by Debra Hanania-Freeman

On Aug. 12, in the midst of rapidly deepening policy crises on the economic, monetary, and strategic fronts, Lyndon H. LaRouche, the American statesman and physical economist who is currently a political prisoner, gave his consent to the official launching of the "Committee to Reverse the Accelerating Global Economic and Strategic Crisis: A LaRouche Exploratory Committee," thereby announcing his availability for the office of President of the United States.

LaRouche's latest entry into the arena of presidential politics introduces an urgently needed "strong voice" into a rapidly degenerating political situation in Washington, D.C.

In a statement released at the National Press Club the day the LaRouche Exploratory Committee was unveiled, LaRouche said, "We have a situation in which the President of the United States has been stymied in every effort to promote growth while a major collapse of the economy is in progress; has been stymied by our so-called British and French allies from doing anything effective to stop the horror show in the former Yugoslavia; and that the United States, in economic policy, monetary policy, and strategic policy, is rapidly losing all credibility as a superpower. This creates an unusually dangerous situation in which, currently, none of the needed conceptions for policy-shaping seem to be emanating from any quarter but myself and my immediate circles." (For LaRouche's latest assessment of the economic and strategic crises, see p. 6 and p. 43.)

Freedom demanded for LaRouche

LaRouche's assertion on this point has been emphatically endorsed by one delegation after another of leading international and national figures, who have travelled to Washington this year to argue for the urgent need for LaRouche's policies, and for his freedom.

In January, as the new Congress was being sworn in, before Bill Clinton was even officially inaugurated, civil rights leaders from California to South Carolina hit the U.S. Congress hard on the need for LaRouche's voice to be heard as the new administration was launched. Trade union leaders who were part of the delegation insisted that LaRouche's leadership in the fight against the North American Free Trade Agreement (NAFTA), when combined with his program for putting America back to work rebuilding the nation's infrastructure, indicated that he was the only political figure with an in-depth understanding of the American system of political economy, and the only individual with any cogent idea of how to lead America out of economic depression. They were backed up by farm leaders from America's agricultural heartland and by clergymen and civic leaders from America's inner cities.

Soon after, among the first prominent international figures to come to the United States to join the effort to free LaRouche, was the well-known Croatian journalist and war correspondent Srečko Jurđana. When Jurđana himself was asked by a journalist, "What could have prevented the upheaval now convulsing your nation?" Jurđana replied forthrightly, "The LaRouche plan should have been adopted two to three years ago! Then this would have never happened." Jurđana was referring to LaRouche's Paris-Berlin-Vienna "Productive Triangle" proposal for Europe and Asia, which LaRouche first proposed in late 1989 to foster peace through development of Europe and Asia in a strategic geometry dominated by the collapse of the Soviet Empire.

Over the next weeks, delegations, which included current and former parliamentarians and cabinet-level ministers from Ukraine, Colombia, Germany, Russia, the war-torn Balkan states of the former Yugoslavia, and former Czechoslovakia,

joined the continuing delegations of American notables, to argue for the importance of LaRouche's policies for their own national sectors.

The SDI and anti-drug policies

In March, Gen. Paul Albert Scherer (ret.), the former head of Germany's military intelligence service and one of the world's leading experts on the former Soviet Union, rocked Washington during a press conference at the National Press Club. General Scherer's briefing focused on the need to stop the Balkans war, noting that the Serbian aggression augurs even worse horrors from the former Soviet Union and, if allowed to continue, would encourage Russian imperialism. General Scherer explained that in the early 1980s, there was an effort to avert the crisis that has now developed in the former Soviet Union. "In the spring of 1982," he said, "in the Soviet Embassy here, there were very important secret talks that were held, with the participation of top American political leaders. The question was, did the United States and the Soviet Union wish, at that time, jointly to develop an anti-ballistic missile defense that would make war impossible for the immediate future? This was the Strategic Defense Initiative. . . . I can say this with great exactitude, because I have also discussed this thoroughly with the developer, the originator of this idea, the scientific, technological, strategic expert Lyndon LaRouche."

One week later, Jorge Carrillo, former minister of labor for the Republic of Colombia during the administration of Belisario Betancur, came to Washington to talk about the courageous intervention made by LaRouche and his associates in exposing the international financial and banking interests that control the international drug cartel. Carrillo explained to U.S. government officials and members of Congress that no other international figure held the level of respect that LaRouche does in war against drugs. Further, Carrillo explained that he had spent over 34 years of his life working to defend the rights of the workers of his nation, including "respect for life, education, and development." He reported that only the LaRouche economic policy incorporated that commitment. "LaRouche has been jailed in the United States because he has defended those ideas," Carrillo insisted.

Economic policy means life and death

Pavlo Movchan and Vladimir Shovkoshitny, both well-known Ukrainian freedom fighters and now members of the Parliament of Ukraine, also came to Washington that month to explain that without the implementation of LaRouche's economic policy proposals, particularly his "Productive Triangle," Ukraine was doomed. They described the sharp contrast between LaRouche's approach, and the "shock therapy" currently being imposed by the United States and the International Monetary Fund (IMF) as the difference between peace and war; between life and death.

At a press conference held at the National Press Club, Movchan said: "The reason we left Parliament [in Ukraine] during this very tense period to be here, is because the world will be destroyed if the current policies are continued. With the direction things are now going, we could be heading for a third, and perhaps final world war. Lyndon LaRouche has indicated how we can change directions."

That view was reemphasized by Moscow economist Prof. Taras Muranivsky and, most recently, by Viktor Kuzin, People's Deputy of the Moscow City Council and a founder of Democratic Union, the first party chartered in opposition to the then-ruling Soviet Communist Party.

In April, Muranivsky, who is the rector of the Ukrainian University in Moscow, told Washington audiences that a growing group of Russian scientists and intellectuals around the magazine *Trade Unions and Economy* had joined with the international movement calling on the Clinton administration to free LaRouche. Muranivsky said, "LaRouche is innocent of any wrongdoing and represents a vital resource for humanity. I am personally convinced that LaRouche's ideas are the way to save the Russian economy."

In July, Kuzin presented the Washington press the text of a letter to President Clinton on the LaRouche case, signed and sent by a group of six deputies of the Moscow City Council. Kuzin himself delivered the letter to the White House.

LaRouche is innocent

The letter reads in part, "Having carefully studied the circumstances of the case and the public activity and personality of LaRouche . . . we are deeply convinced that the real reasons he ended up behind bars have nothing to do with the indictment against him."

The letter outlines the role of LaRouche in formulating the program adopted by Ronald Reagan in 1983 known as the Strategic Defense Initiative, and describes LaRouche's policies for global economic development—policies that placed him in direct conflict with the IMF and its backers. "These two original doctrines, which are naturally attractive, put LaRouche and his supporters in the center of public attention and made him a real contender for the role of political leader on not only a national, but also a world scale," the deputies' letter said.

Similar sentiments have been expressed in correspondence and press statements from political leaders from Taiwan to Argentina, and in numerous public appeals to President Clinton to give the American statesman and economist his freedom. And, they have been matched by the continued activation of similar layers domestically. As the policy vacuum intensifies, so does the recognition that LaRouche is uniquely qualified to generate the kind of policy initiatives necessary for avoiding war and assuring continued development.

The official formation of the LaRouche Exploratory Committee will give LaRouche a louder voice in a situation in which his leadership is, without question, decisive and crucial.

Who will stop Texas death penalty binge?

by Anita Gallagher

Something is rotten in the State of Texas, and within its altogether *criminal* justice system. On Aug. 16, only six hours before Gary Graham's scheduled execution, the state's highest court halted the execution and rebuked Texas Attorney General Dan Morales for placing bloodlust over his constitutional duties. Morales had made repeated attempts to overturn a lower court's stay of Graham's execution, and the possibility that Graham would be allowed to present his stunning evidence of innocence. Whether Graham will get an executive clemency hearing will be taken up at a Sept. 29 hearing.

Graham, who is black, was 17 years old in 1981 when Bobby Lambert was shot in a grocery store parking lot. Graham was convicted of the killing despite the fact that 1) the bullet that killed the victim did not match Graham's gun; 2) six eyewitnesses say that Graham was not the person who shot Lambert; and 3) five alibi witnesses say they were with Graham at a birthday party at the time. The only evidence for Graham's conviction is one eyewitness, who saw Graham for perhaps one second, from 40 feet away, at night. None of the witnesses that would have exonerated Graham were called at his trial because his government-paid defense lawyer thought he was guilty. Under Texas law, as in some 35 other states, the "new evidence"—the ballistics report and the witness testimony which was never followed up or used during the trial—had to be introduced within a short time after the verdict (30 days in Texas) or be barred forever.

Lyndon LaRouche commented on the Graham case in the "EIR Talks" radio program on Aug. 19: "All the evidence now is that Gary Graham was innocent all along. And Texas Attorney General Morales—or perhaps we prefer to call him im-Morales—has blocked every effort to hear that evidence. So this is unspeakable.

"Also, remember, in connection with the earlier execution in Texas, the *Herrera* case; the Supreme Court, in support of Texas authorities, said in effect that even provable innocence of a convicted person is not a reason to stop his execution.

"Just think of that. Any citizens who would vote for any law which would give these jokers in the federal government or the state governments the authority to carry out a death penalty, are actually murderers. Because we already know that at least 10% of the death row cases nationally are innocent of

the crimes for which they are convicted. The point is, there is no longer any *truth-seeking* in the U.S. judicial process."

Texas has already executed 10 people this year, including two in an eight-day period in August. All other states together have executed 14 persons since January. Texas plans to execute 18 more by November, according to the State Board of Corrections, despite the fact that the state has come within hours of executing men later proven innocent in at least two instances. In 1980, Randall Dale Adams, whose story is depicted in the film *The Thin Blue Line*, was reprived by an 8-1 U.S. Supreme Court ruling that the selection of his jury was unconstitutional, and he was later fully exonerated. Adams told *EIR* on Aug. 16, "The makeup of the Supreme Court and the lower courts have completely changed. If I were still locked up today, I would not have gotten my stay. In 1980, we had some justices who would stand by their opinions. I would not want to go before the Supreme Court today. These [derogatory] won't stand by their own decisions."

Executive clemency not 'fail-safe'

In its infamous *Herrera* decision, the U.S. Supreme Court said that *Herrera's* evidence of innocence was not strong enough to evoke a constitutional right not to be executed, but it failed to set a standard. Instead, the court pointed to the remedy of "executive clemency."

In Texas, the Board of Pardons and Paroles, which hears clemency cases, has never granted a commutation in a capital case since the death penalty was reinstated in the United States in 1976. Except in the rarest instances, it refuses even to meet and hold hearings on requests.

Graham's attorneys sued in civil court to obtain the executive clemency remedy enunciated in the *Herrera* case. On Aug. 9, Travis County Civil Judge Pete Lowry stayed the execution and set a Sept. 29 hearing on whether the board had to meet and hear evidence in Graham's case. The ruling was a clear attack on the vote the board had already taken in April to deny Graham clemency.

Repeated attempts by Morales to overturn that order—each attempt by Morales lifted the stay of Graham's execution—were defeated when the Texas Court of Criminal Appeals voted 5-4, only six hours before the scheduled execution, to uphold the stay and the Sept. 29 hearing.

Judge Sam Houston Clinton, writing for the 5-4 majority, rebuked the state officials for asking the court "to rescue them from judicial orders relating to discharging their constitutional duties and responsibilities. . . . Due course of law certainly requires that such a condemned person desperately seeking executive clemency not be executed on the simple expediency that the state officials responsible for fairly considering his plea have refused to hear it."

This small step, won through mobilization of significant black and white political forces on the national level, will have to be quickly enlarged to stop Texas' "execution express" in the coming weeks.

LaRouche associates seek delay in IRS case

Attorneys for Publications and General Management, Inc. (PGM), a management firm associated with various publishing and political organizations of the LaRouche movement, have filed a request for delay in U.S. Tax Court based upon "unique and exceptional circumstances" in the multimillion-dollar trial now scheduled for Oct. 12.

As *EIR* reported on Aug. 13, the Internal Revenue Service (IRS) is currently functioning as the out-front government agency against the LaRouche movement, on behalf of the corrupt "Get LaRouche" task force that ran the judicial railroad which imprisoned Lyndon LaRouche and several of his associates. The task force has illegally sought to shut down any entity associated with LaRouche, and its members are said to be outraged that the LaRouche movement has survived their attacks.

The IRS is now making the outrageous claim that PGM owes \$4.5 million in corporate income taxes for 1985-88, on the basis of a so-called audit in which PGM was given no opportunity to substantiate its returns, and an administrative process riddled with highly unusual tactics. The exceptional circumstances in the PGM tax case arise from the fact that the financial documents which PGM needs in order to substantiate its 1985-86 tax filings had been seized by the federal government and Commonwealth of Virginia in October 1986, and only returned to PGM from a government warehouse on Aug. 3 of this year.

The request for delay was filed by attorneys David Kuney and Michael Shor, the two Washington lawyers who had won a ruling from Judge Martin V.B. Bostetter in 1989 that the April 1987 involuntary bankruptcy perpetrated by the government against three LaRouche-associated firms was a "fraud on the court" and conducted in "bad faith."

The IRS tax lawyer on the case has officially called this the "largest substantiation case" he had ever seen, referring to the fact that it is the burden of PGM to prove that its tax filings were correct. Yet the government held on to the documents for nearly seven years for use in its criminal prosecution of LaRouche and his associates, and only now has dumped approximately 200 boxes containing over 20,000 documents on PGM.

Furthermore, it appears from an initial inventory and inspection that not all the boxes seized from PGM's offices in 1986 were returned, and many financial records appear to be missing. All of the returned boxes had been opened by the government and many no longer bore the custody and control numbers which had been assigned at the time of the 1986 raid.



File cabinets at PGM, Inc. after the Oct. 6, 1986 raid by government agencies in which all of the company's financial documents were carted off. The documents, needed to substantiate PGM's tax returns, remained in government custody until Aug. 3, 1993.

PGM maintains that the vast amount of manhours and money necessary to recreate its financial records from eight years ago cannot be completed for an Oct. 12 trial date, and that this case is not ripe for trial. The company argues that the current case is further evidence of the government's bad faith, in that the IRS has rejected and frustrated continuous good faith efforts by PGM to provide all the information and documentation necessary to prove that there was no tax infraction.

IRS opposes PGM motion

The IRS filed an opposition to PGM's motion for a continuance. In the motion, IRS lawyer Robert J. Misy kept up the tradition of government lawyers in LaRouche-associated cases and gave a false account of the sequence of events leading up to the current tax case. Misy claimed that PGM has had access to all the documents throughout this case. He backed up his claims with an affidavit from notorious perjurer and liar John Russell, the prosecutor of LaRouche associates in the Commonwealth of Virginia, who claims that PGM had access to the documents at all times. Attached to the motion is a copy of a court order signed by Judge Carleton Penn, which sets up the extremely burdensome restrictions under which PGM had access to the documents.

OBE guru pushes jobs in fast-food industry

by Leif Johnson

At a seminar in Missouri in early August intended to train teachers in the state's proposed new program of outcome-based education, OBE salesman Robert Webb gave a vivid idea of what really lies behind the rhetoric of this insidious concept. The meeting was sponsored by the Missouri Department of Elementary and Secondary Education for St. Genevieve County, 80 miles south of St. Louis.

The Farmington School District's theme this year is "Feel the Excitement," and it was presented by Webb, who travels around the state giving such briefings on behalf of the state education department. A former sports writer, Webb promotes the systems analysis of William Edward Deming, an expert on Japanese industry, and the "less is more" ideology of Brown University professor Theodore Sizer, one of the principal theoreticians of OBE.

"Don't get rid of people, restructure people," is Webb's motto. "Teachers are now our best cheerleaders. It's really a neat feeling. Change won't occur if you have a bunch of old battle-axes in the first grade. To get someone to change, put them in charge. If they don't change, the people around them will kick them out."

No more teachers, no more books

What is the nature of this restructuring in the schools? Not a broad-based education in history, science, and mathematics. "We found the biggest expansion was in fast foods," said Webb. "So we have monthly meetings with the fast food people to tailor our product to their needs. Since some kids work in fast foods after eight in the evening, we re-scheduled so they could sleep in in the morning. We taught a six-week course on how to work in fast foods—applied education. We used team learning for this and developed an 'Authentic Testing Workshop' to evaluate the outcomes of the students.

"By the year 2015, eighty-five percent will need technical training so we developed three tracks: college, technical, and work preparation. We marketed what we were doing and why. . . . Our goal is 'Total Quality Management,' site-based management: Each school makes its own budget decisions within district goals."

Webb is proud of the fact that OBE has been able to "boil down" classroom objectives. "We developed, with the Minnesota Metropolitan Corp., the benchmark tests at grades 3, 5, 8, and 10, all computerized, which are used to improve

the teachers as well. For example, a school's grade four math teachers came up with 101 objectives for the year. This was boiled down to 38. They no longer go through the book. It's now all electronic—we haven't bought a math textbook in two years."

Besides becoming a glorified McDonald's training program, Webb boasted that the school has taken over the role of the parent in raising the children of unwed mothers. "In the schools we have day cares where high-school students get one hour a day parenting classes with their children. We will have a Human Resources Center to centralize the state agencies in one location." Anticipating criticism, Webb hastened to add, "Now, of course, we're not trying to raise the children, that's Mom and Dad's job.

"But can't you just feel the excitement? Go ahead, *feel the excitement.*"

Webb then distributed handouts in large print, one of which had the caption: "Four Basic Principals [sic]." "You can call OBE anything you want. You can call it Instructional Management. The state has OBE, Mastery Learning, re-learning. The state will give many new directives but they are only guidelines. You are not told what to do, but we have to set national standards since this is such a mobile society."

"The best teacher is television," Webb continued. "You can do it over and over again. If you're not with Channel One, you're missing out. We use TV all over the school—you just can't believe it. The high school science students go to the elementary schools with the TVs to teach them. . . .

"We say, if you can't write real well, maybe you can say it. You don't have to have pencil and paper tests. It's not necessary to spell every word correctly, the computer checks spelling. We have a class in International Studies and the class can turn in anything *but* handwritten papers. The students have to learn how they can individually best communicate. . . .

"You can do what you want with curriculum, as long as the students achieve 80% on the benchmarks. Those who don't and their parents will be counseled. Computer print-outs tell them exactly which outcome they have missed. We remediate over and over again until they get it, and we give enrichments to those who do get it."

LaRouche reps upset the apple cart

Two representatives of Lyndon LaRouche's movement on the scene decided to apply humor. They circled the misspelled word in Webb's handout and circulated it to the teachers present. This created quite an uproar. When Webb asked what outcomes the teachers wanted to see, one waved the sheet and shouted, "Spelling!" Webb appeared rattled, blamed his secretary, lost his train of thought, and asked where he was. Another teacher piped up, "You were talking about increasing attention spans"—which in fact he had been. The gathering ended as the Missouri OBE directress screamed, "I used to be a damned good teacher!"

The cancer in education

The “educrats” have come up with curricula to make students “feel good” about their abysmal ignorance. Prof. John LeDoux reports.

Prof. John LeDoux is an associate professor at Virginia Polytechnic Institute in Blacksburg, Virginia. He served with the Nuclear Regulatory Commission from 1975 to 1981, and before that has held positions with the University of Colorado at Boulder and in private industry. From 1965-67 he was the director of the Nuclear Division of the Naval Facilities Engineering Command. He has managed the worldwide Navy program for non-propulsion uses of nuclear power, which he expanded to include radioisotope generators for remote applications. In the field of research and development, he has managed an experimental program to test the effects of nuclear weapons on structures, and is the author of over 30 technical papers. Professor LeDoux holds a bachelor's degree in electrical/marine engineering from the U.S. Naval Academy, in civil engineering from Rensselaer Polytechnic Institute, and a master's degree in nuclear engineering from the Navy.

The freshman engineering student entered my office. He appeared to be nervous and apprehensive. I greeted him in a friendly way and tried to put him at ease. I had asked him to come in to discuss his first mid-term test, because he had scored only 30 points out of a possible 100. Even the 30 points was mostly a gift. The test covered about four weeks of work and I was concerned that this particular student was headed for failure. But there was ample time to turn things around if we could determine why he had done so poorly.

This was a department test, not one that I had written. Most of the material had been covered in class lectures, in videos, and in homework problems. All of it was covered in the assigned text readings. We went over the test, problem by problem and point by point. I could tell that his failure was not due to testophobia, memory blank during the test. He just did not know the material, even though he had done most of the homework.

When I asked him how to do a certain problem, he used the phrase, “I feel that. . .”. I responded that this problem was based on basic math principles that he had to “know,” that “feeling” had nothing to do with it. He just shrugged his shoulders. When I asked him if he had read the problem statement, about three sentences long, he said he didn't have time. I asked for his textbook and opened it to the page

discussing this type of problem. I could tell that this was the first time this book had been opened to that page, or any page, for that matter. He admitted he had not read the assigned text readings. I asked him to read one of the sentences in the book. It was difficult for him. He sounded like a 3rd-grader reading “Run, John, run.”

This was in 1992. I had been teaching college-level engineering for 11 years after almost 35 years managing and doing engineering work in the “real” world. Even in 1981, I was surprised that students did not seem to be well prepared for college-level work, but this was the first time I explored in depth to find out why this particular student had failed a mid-term. I was devastated. This young man, after 12 years of schooling, could not read very well. How could he hope to master the difficult art of engineering? If he could not read, he most probably could not express himself in the written word.

Upon further discussion of his high school work, I found that he had never failed a course. He had an A-B record. In his school, students could express themselves verbally and were never corrected, even if they were wrong. He said, “The teachers made us feel good about ourselves.” I pointed out that an engineer could not design or build something based on “feeling good” about it. We had to know that what we had designed and built was based on sound physical principles. To become such an engineer required lots of hard work, study, and tons of reading. He left feeling good and would not believe he would fail, because that word had no meaning for him.

Was this young man just an exception, or was he representative of most students? Engineering students are at the top of the heap. Most have SAT [Scholastic Aptitude Test] scores of 1100 or more. What was happening in our primary and secondary schools that would allow a student to finish 12 years of education and not be able to read or think very well? I decided to investigate. The following are some of the reasons why American education is in a crisis situation.

A Department of Education report, “A Nation at Risk,” puts the problem in perspective. It states, “For the first time in the history of our country, the educational skills of one generation will not surpass, will not equal, will not even approach, those of their parents.” SAT scores have dropped

some 90 points since the 1960s. There had been a slight improvement in the 1980s, but that increase can be attributed to the increase of private schools from 1,000 to over 32,000 during this period. The SAT scores of the private schools have remained at or been above the 1960 level. The educational establishment will try to argue that the SAT scores have declined because more of the poorer students are now included. That argument does not hold water. Diane Ravitch, in her *The Schools We Deserve*, states, "The shrinkage of the top scorers has proceeded steadily since the 1960s and obviously is unrelated to the overall composition of the test group." Another U.S. Department of Education report shows that the top 5% of American high school seniors scored last on algebra and calculus tests administered to the top 5% of 12th-graders from a dozen countries.

Recently, a school superintendent wrote a letter to the editor claiming that our students are superior to those of yesteryear, because they now carry lap-top computers to class. A computer does not think any better than does a sliderule or a piece of slate. It has been my experience that computers actually inhibit thinking. Press a few buttons, and, presto, you have a solution. Students do not seem to know if the solution given is realistic. A classic example of computer number crunching versus thinking is a simple problem of finding the volume of a trapezoidal swimming pool, given the dimensions of the pool in feet. First of all, many engineering students have never heard of a trapezoid, which I find alarming. One student's solution was 3.65 gallons. My remark on that paper was, "You can hold that much water in a bucket!" The point of all this is that students are not trained or given the opportunity to think and cannot recognize whether a number is reasonable or not.

Educrats denigrate learning by "rote." Why fill your mind with all that data when you can simply look it up? If you are not encouraged and taught to love to read, how can you expect a student to "look it up"? I understand that the mind uses only about 10% of its capacity. Why not stretch it some by memorizing things and using some of that unused capacity? Engineers must be able to convert from the English system to metric, and most texts have pages of conversion factors that allow one to work from one system to another without all those tables. It may take a few minutes of computation, but that very type of work gives you a secure foundation for understanding each system. Another example of the fallacy of the computer crutch I see every semester is the following: I give an engineering-type problem which requires only trigonometry and geometry to solve. I make the students do it manually (with a hand-held calculator), graphically, and finally, by writing a computer program in Fortran. This is good practice, because the thinking process is different for each type of solution. The amazing outcome of this process is that fully half the class will turn in three different answers to the same problem. It does not seem to faze them in the least. When I ask them which, if any, answer is the correct

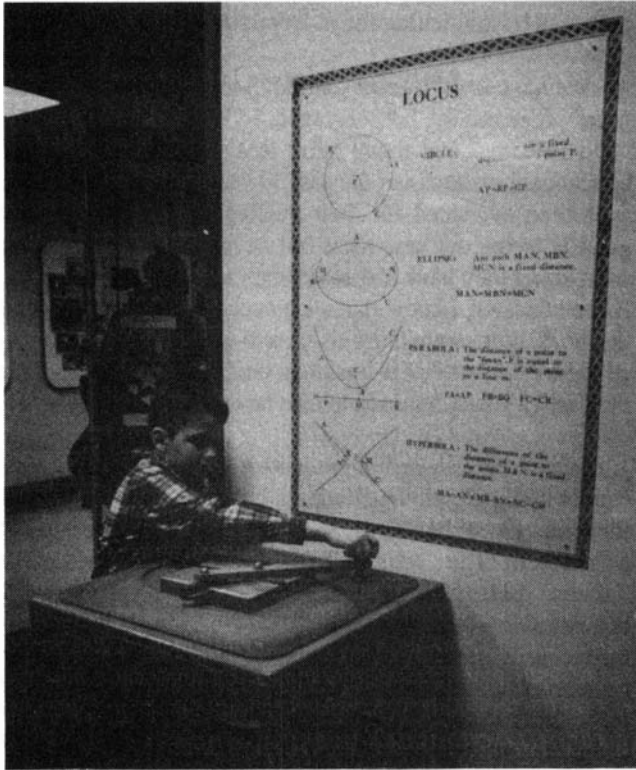
one, they look at me as if I am an idiot. After all, look at the work we did, they respond. They feel good about themselves, because of all this wrong work. When I tell them that this type of attitude produced the Challenger fiasco and the collapse of the Kansas City highway ramp, then they begin to wake up. Computers are not substitutes for thinking or reasoning, and never will be.

A few more facts on the state of education. A Carnegie Foundation survey of faculty members found that 67% of the professors reported a "widespread lowering of standards in American education." Seventy-five percent characterized their students as "seriously underprepared in basic skills." The chief executive officer of Pacific Telesis reported, "Only four out of every ten candidates for entry-level jobs at Pacific Telesis are able to pass our entry exams, which are based on a 7th-grade level." Compared to other industrialized nations, U.S. students place last in math and science. Project Literacy found that the United States has the highest illiteracy rate among all the industrialized nations. In 1986, seven hundred thousand students who graduated from high school could not read their own diplomas. This fact was from a White House study. U.S. industry spends \$25 billion per year on remedial education, so workers can perform simple tasks requiring reading and arithmetic. The Armed Forces must do the same thing.

Is it only math and science that are deficient? Consider the following facts from various studies:

- Nearly one-third of American 17-year-olds do not know that Abraham Lincoln wrote the Emancipation Proclamation.
- Nearly half do not know who Josef Stalin was.
- Thirty percent could not locate Britain on a map of Europe.
- Twenty-five percent of the students tested in Dallas could not identify the country that borders the United States on the south.
- Thirty-nine percent of the students in Boston could not name the six New England states.
- Forty-five percent of Baltimore students could not shade in the area of the United States given a map of North America.
- Almost half could not place World War I between 1900 and 1950.
- More than two-thirds did not know when the Civil War took place.
- More than 75% were unable to say within 20 years when Abraham Lincoln was President.
- One-third did not know that the Declaration of Independence signaled the American colonists' break from England.
- Almost half could not say even approximately when the Constitution was written.

Alarming? Definitely! There are few, even among the educrats, who will not admit we have an educational crisis.



A display at the Franklin Institute in Philadelphia shows children how to construct geometrical figures, and gives them the “hands on” means to do it, helping them reproduce for themselves the thinking of the scientists who first tackled these problems. Today’s “educrats” could care less whether children learn, as long as they feel good about themselves.

What is the solution? The educrats are proposing “World Class Education,” also known as “Outcome-Based Education,” or the “Common Core of Learning.” This “new” method of education is supposed to propel the United States into a world leader in education. Just exactly what is Outcome-Based Education (OBE)?

First, OBE is not really new. A similar type of education called “Mastery Learning” was tried in the 1970s and promptly ridiculed out of existence. Explicit OBE has been around for more than five years, and some of the techniques in OBE have been around much longer. These will be touched on later. We will use the Virginia “Common Core of Learning” (CCL) program to explain what OBE is.

“The Vision of Virginia’s CCL:

“The Vision of the Board of Education is to create a World Class system of education, in which virtually all children:

- “learn and are able to demonstrate competence in a common core of knowledge and skills comparable to the best in the world;
- “are prepared, upon graduation, to enter and successfully continue in the skilled work force and to pursue further academic and technical education;

- “develop a sense of ethics and values reflecting individual and shared responsibilities for themselves and to the community in an increasingly global society.

‘The problem’

“America led the world in developing a system of free universal education; and Virginia led the nation. Thomas Jefferson and his colleagues understood that education for all citizens was essential both to the success of their democratic experiment and to the improvement of economic opportunity.

“For nearly two centuries, the American economy, based upon universal equational access, abundant natural resources, and expanding individual opportunity, has provided our citizens the highest standards of living the world has known.

“In recent years, however, there is growing concern that our economy is faltering, our multicultural society splintering. In both large cities and rural counties there are too many Americans living in poverty and despair. We no longer assume that the next generations will enjoy higher standards of living.”

(Note: These recent years, since the 1960s, basic education was changed, allowing “affective”-type conditioning to replace the three Rs. Could this be the reason our economy is faltering?)

“Although the world economy has changed dramatically since World War II, the ways we organize our schools and shape our curriculum have hardly changed at all. [This is not true — J.L.] America’s education system, which once led the world, too often graduates students who are not equipped to use computers and other technology, to discover or solve complex problems, to *express ideas clearly* [why do you suppose this is? — J.L.], or to work cooperatively with others.”

There is more to the vision statement, but it essentially shows that the U.S. educational system has gone to pot without making a case for why. Let us now look at the Common Core of Learning framework.

“Individuals who leave school with a world class education will do so after having participated in rigorous learning activities leading to the acquisition of knowledge and *critical attitudes* toward learning and work that they need to lead productive lives.” Note the word “attitudes.”

“**Fundamental Skills.** The fundamental skills are those things that students must be able to do to achieve the outcomes described in essential knowledge and *critical attitudes* sections of the Common Core of Learning. These fundamental skills interact with knowledge and *attitudes* to form the basis of learning.”

Again, note the italicized words.

The Fundamental Skills include Thinking, Problem Solving, Communicating, Quantifying, and Collaborating. Nothing wrong with any of this, but does anyone who was educat-

ed before 1970 have any trouble doing any of these things?

The next section discusses **essential knowledge**, such as: citizenship, the Natural World, Cultural and Creative Endeavors. One of the Outcomes of this last states, "Express insights, *feelings*, and perceptions through a variety of creative processes, performances, or products." Note the word "feelings."

"Critical Attitudes. Certain *attitudes* motivate students to apply their skills to knowledge, and encourage them to persevere and do their utmost to learn. *Most values toward life are properly taught by the family. Certain attitudes toward learning, toward work, and toward others* are essential to success in school and in life, and should be *reinforced* in the school setting."

Who makes the decision on which attitudes are left to the parents and which are left to the school? Schools have no business in imposing faculty or state-mandated attitudes about homosexuality and abortion as the Rainbow Curriculum attempts to do. What other areas will be imposed by the school? This smacks of political indoctrination and plain brainwashing, and should be absolutely forbidden.

Critical Attitudes includes Responsibility, Learning, and Work. One of the outcomes under Responsibility states, "Understand the diversity of our society and respect the civil and human rights of others." Another opportunity to include homosexuality as a "human right" when the majority of people still consider it a perverse and unhealthy lifestyle.

I counted 52 "Outcomes" in this proposed program. Nowhere in the program is there any discussion on how these outcomes will be measured. Isn't that the idea? We will measure outcomes, not inputs. Let us look at just one of these outcomes. Under Critical Attitudes – Responsibility: "Exhibit truthfulness, fairness, integrity, and respect for self and others." How do you fairly and objectively measure any of these qualities? Between 1966 and 1988, the proportion of students cheating increased by 78%. How will that be measured under "truthfulness"? Over 60% of my students admit to cheating and find nothing wrong with it, because "it does not hurt anyone." How would you like to travel in an airplane designed by an engineer who cheated his way through college?

Is OBE really something new? No. Its basic "affective" type of education has been going on for 15 to 20 years. Affective means "feelings and attitudes" versus academic learning. Thomas Sowell's book *Inside American Education* discusses in detail the various educational dogmas that have been going on for a long time.

"Multicultural diversity," for example, can be summarized as a cultural relativism which finds the prominence of western civilization in the world or in the schools intolerable. In other words, our culture is the source of all world problems. What happened to the "melting pot"? Successive, massive waves of immigration have arrived on these shores and become Americans without any such programs as have been

proposed by multiculturalism. Diversity causes division, not unity.

We have had "Values Clarification," "Bilingual Education," "Sensitivity," "Relevance," "The Whole Person," "Self-Esteem," and many other terms introduced into our educational system over the past 30 years. Few, if any, have ever been evaluated for their outcomes. The educators are great at trying out new ideas but never attempt to evaluate what effect they have had on education in the United States. As an educator, I know that whenever you add something to the curriculum, something else has to go. Based on my limited view of about 2,000 freshman engineering students over the past 12 years, hard academics have been reduced significantly.

Since "self-esteem" of students is so important, the concept of "failure" will be eliminated by OBE. Grades will no longer be given, like A, B, C, D, and F, but merely an A or a "not yet." The "not yet's" will be remediated until they "master" the learned outcomes. There will be no grade levels, but exit points at the 4th-, 8th-, and 12th-grade levels. Eventually, SAT tests will be eliminated. It will be too embarrassing to see the results. SAT scores have declined every place OBE has been tried. OBE students will "feel good" about themselves as they jump through "politically correct" hoops, until they take an entrance industry test and find they cannot pass even 7th-grade work.

The idea of "World Class Education" is to prepare students for the "real world" by having them work on "real" projects that exercise them by combining such things as reading, writing, and mathematics. One of the problems with such a system is that the teachers or facilitators will be people who have probably never encountered a "real" world problem in their own lives. A degree in education hardly prepares one for that. A second problem is the transference of experience on one problem to another without a sound foundation of knowledge of the tools used. For example, trigonometry is a math skill needed in almost every engineering problem. If you are not taught trig, but only exposed to its application in a particular problem, you will not be able to transfer that knowledge to a different problem based on similar principles. I see that in today's students, because they have only a limited knowledge of trig, which was reduced so that calculus could be introduced in high school. I once had a student who was the top math student from his high school. He had a year of calculus, but absolutely no trig. This is the height of ignorance. He failed calculus in college precisely because he did not have the proper pre-calculus math.

The idea of learning through "real" world projects without first learning the basics of language, science, and history is utter lunacy. It is like giving a tool box to someone and asking them to build a house. He needs to know how and when to use a square and a level. Asking a 3rd-grader to go out in the community and find out why someone is homeless (actually used as an example in OBE) is patently ridiculous.

We need to teach students how to use each block of knowledge, like reading, writing, spelling, math unit by unit, before we ask them to do some sort of broad project.

Even the "Vision Statement" admits that the United States had the best education program in the world until sometime after World War II. What type of education did the generation have who had won that war? If they had the college prep curriculum like I had, they had four years of English and literature, two years of Latin and two years of French, biology, chemistry, physics, algebra, geometry, trigonometry, analytical geometry, solid geometry, history, and civics. I did not have one single elective. There was no time. Today, I understand, students have almost two-thirds of their classes as electives, like "bachelor living."

During high school, I worked after school and became a journeyman meat cutter. I even managed a meat market for six months when I was only 18. In that trade, I learned how to apply math to selling a side of beef. My boss taught me how to break down a side of beef and determine how much we had to charge for each cut to make a profit. I had to learn to account for shrinkage and many other subtle aspects of that business. I could do all that, because I had a sound mathematical education and I could read and understand what I was reading. I did not suffer social shock when I went to the University of California or the Naval Academy. The effort in college was no different than high school. What a difference today, when students have to learn how to study and budget their time. They never had to do that in high school. Education today is vastly different from what it was 30 and 40 years ago, and the results are plainly visible. It is interesting to note that the Japanese have a school system based on our 1940s model that was introduced by General MacArthur. It has not changed since then, and Japanese students outperform American students in every category.

Parents must be alert

Some of the techniques to implant this new educational dogma have been used in schools in the United States. Read Thomas Sowell's book *Inside American Education*. Be alert to these techniques by talking to your children every day about what went on in school. Teachers have been told to tell their students not to discuss a particular subject or topic covered that day, because parents are "old-fashioned" or "they would not understand." Be alert to the following methods:

- 1) Emotional stress, shock, or desensitization, to break down both intellectual and emotional resistance.
- 2) Isolation, whether physical or emotional, from familiar sources of emotional support in resistance. (Parental support?)
- 3) Cross-examining preexisting values, often by manipulating peer pressure. (Parents' values and attitudes?)
- 4) Stripping the individual of normal defenses, such as reserve, dignity, a sense of privacy, or the ability to decline

to participate.

5) Rewarding acceptance of the new attitude, values, and beliefs—a reward which can simply release the pressures inflicted on those who resist, or may take other symbolic or tangible form.

This last is how students jump through the politically correct hoop and go from a "not yet" to an A.

Has OBE ever been successful? The educators will say yes, but it has failed (based on falling SAT scores) in every state that it has been tried. Canada eliminated it after a three-year trial that led to chaos.

A definition of education is: process of developing knowledge, skill, mind, character, etc. especially by formal schooling. Notice that this definition does not mention feelings or attitudes.

The definition of brainwashing: to indoctrinate so intensively and thoroughly as to effect a radical *transformation of beliefs and mental attitudes*.

In April 1993, the Virginia Department of Education promised, "A more detailed blueprint for *transforming* schools and curricula will be available . . . during the fall of 1993." An unfortunate choice of word—transforming—or a Freudian slip? OBE is ideological indoctrination similar to the methods used in China to control the peasants.

Parents need to get involved. Contact your state representatives and school board. Attend any briefings and ask questions. Let your school officials know you do not want OBE in your schools. Do not be put off with a statement that they will study it, and let you know later. The Virginia school officials are already having seminars for teachers, and these seminars have sessions on how to divert parents' questions away from the facts of OBE. It may be necessary for parents to put their children into private schools or home school them.

Finally, note the following from the *Humanist* magazine, the flagship publication of the secular humanist movement: "I am convinced that the battle for humankind's future must be waged and won in the public school classrooms by teachers who correctly perceive their role as the proselytizers of a new faith: a religion of humanity that recognizes and respects the spark of what theologians call divinity in every human being.

"These teachers must embody the same selfless dedication as the most rabid fundamentalist preachers, for they will be ministers of another sort, utilizing a classroom instead of a pulpit to convey humanist values in whatever subject they teach, regardless of the educational level—preschool day-care or large state universities."

OBE is an appropriate set of initials if they stand for Outrageous Behavioral Education. I cannot believe that most teachers subscribe to the OBE philosophy. But there are enough who do, and those in authority can ram it down everyone's throat. We need to stop this rapidly growing cancer now!

National News

The ugly truth about 'A World of Difference'

EIR has discovered that the Anti-Defamation League's (ADL) school curriculum called "A World of Difference" includes a scurrilous attack on Lyndon LaRouche. The attack, taken from "Extremist Groups in the United States: A Curriculum Guide" and written by the ADL in 1988 when LaRouche was running for President, is being used in the Los Angeles school system.

Not only does the curriculum use taxpayers' money, but its development was funded by convicted racketeer and junk bond king Michael Milken. Moreover, the ADL, whose tax-exempt status prohibits it from engaging in political activity, has already been caught by the Federal Election Commission illegally interfering with LaRouche's presidential efforts.

The hate-filled tract lumps LaRouche together with the Ku Klux Klan, Nazis, Aryan Nation, and so forth, but can only say of LaRouche's movement that it exploits "general public concern over such issues as nuclear energy and drug abuse in order to attract people to LaRouche's extremist beliefs."

In March 1993, the Milken Family Foundation flew educators from 20 states to California to receive "National Educator Awards" at the Century Plaza Hotel, the scene of what became infamous as his "Predator's Balls," where Michael Milken used to arrange corporate raids. Payments of \$25,000 apiece to 120 teachers from Milken's war chest were arranged by North Dakota's state superintendent of instruction Wayne Sanstead.

Milken dirty money also sponsors the Drug Abuse Resistance Education program, exposed in *EIR*'s Feb. 5 *Feature*, p. 26.

AFL-CIO, Bradley demand help for Bosnia

Sen. Bill Bradley (D-N.J.) added his name to a letter to President Clinton on Aug. 5, calling on him to act immediately to stop

Serbian aggression and reassert American leadership. The message was sent on the letterhead of AFL-CIO head Lane Kirkland and signed as well by former national security advisers Frank Carlucci (Bush) and Zbigniew Brzezinski (Carter). The text was made available to two of Bradley's constituents, activists in the Schiller Institute mobilization to save Bosnia.

The letter, dated July 27, reads in part:

"We write to you because we believe that American interests—both moral and geopolitical—are involved in what is happening in Bosnia. The approaching fall of Sarajevo—passively observed by America and Europe—represents a direct assault on the very principles on which the post-Cold War international community should be based. Our inability—or, rather Europe's and our own unwillingness—to contest the growing ethnic hatred and violence augur badly for the future stability of the world. . . .

"The next few days will provide you with perhaps the last chance to regain in the Bosnian tragedy the moral high ground and to reassert effective American leadership. Some weeks ago you occupied that high ground—and the Bosnian Serb aggressors flinched. We urge you, therefore . . . to issue a public warning that U.S. air power will be used, massively if necessary, against the forces assaulting Sarajevo and that the U.S. will energetically exercise all its leverage in the U.N. to lift the arms embargo on Bosnia—if the assault of Sarajevo is not immediately suspended in keeping with the pertinent U.N. resolutions."

Costner dangles casinos before S. Dakota voters

South Dakota voters will decide in a special Sept. 14 referendum on a law that would establish Las Vegas-style casinos in the state. During its 1993 session, the state legislature raised the legal limit on casino betting from \$5 to \$100, but a petition campaign succeeded in forcing the special referendum. Hollywood heart-throb Kevin Costner, who made the film "Dances with Wolves" in South Dakota, bought the Mid-

night Star casino in Deadwood, where he and his brother Dan Costner now propose to build a giant gambling resort; they are only waiting for the voters' approval of the referendum to proceed with construction.

Increased employment in the state from the Deadwood project (no one is saying which other interests are involved beside the Costner brothers) allegedly prompted the legislature to pass the measure. The law also would increase by ten times the number of gambling devices allowed in each "joint," and would permit greatly increased gambling operations on the state's Indian reservations. Earlier efforts to establish casinos on reservations met with strong tribal resistance.

Will Bush testify in Atlanta BNL case?

In an interview with the Aug. 10 Milan, Italy daily *Corriere della Sera*, Robert M. Simels, lawyer for former Banca Nazionale del Lavoro (BNL) Atlanta manager Christopher Drogoul, said: "We want George Bush to show up in court and tell what he knows." "Simels," wrote correspondent Claudio Lindner, "is working night and day with four advisers to prepare the material that in the autumn will blow up the Iraqgate, involving top representatives of the Bush administration, as well as Italian politicians and BNL managers."

"Bush," said Simels, "should talk about the policy followed by the Commodity Credit Corp., and explain some operations run through the USDA [Department of Agriculture], which had nothing to do with agriculture." Simels is also seeking information about the content of discussions Bush had with Italy's then-Prime Minister Giulio Andreotti, after which the line came out that Atlanta branch manager Drogoul was acting alone. Drogoul maintains that he was acting on behalf of the government when he extended loans to Iraq under the CCC program.

Corriere continued, "Simels is ready to call 50 additional witnesses, among them, Bush, James Baker, Lawrence Eagleburger, and Henry Kissinger. All the main clients of

Kissinger Associates, Simels recalls, from General Motors to Hewlett Packard, from ITT to Continental Grain, made deals with Baghdad with financings through the Atlanta BNL office. Pure coincidence?"

Clinton issues anti-crime plan

President Clinton announced a \$5 billion anti-crime package at a White House press conference on Aug. 11. Among the features of the plan, not yet in legislative form, are: \$3.4 billion in federal funds to hire 69,000 additional local police officers; a scholarship program to train an additional 30,000 new law enforcement professionals; passage of the Brady Bill creating five-day waiting period for handgun purchases; restrictions on *habeas corpus* in capital cases; and boot camps for juvenile offenders.

Meantime, Vice President Al Gore has revived the 1970s' proposals for a national police force, uniting all federal agencies under the direction of the Attorney General, including the Secret Service, FBI, ATF, DEA, Customs, IRS, and Postal Service enforcement functions under one roof. Twenty years ago, similar proposals were made under the guise of establishing the Law Enforcement Assistance Administration, but met strong opposition from local police agencies. Attorney General Janet Reno is said not to favor the program, which will be fully unveiled on Sept. 7.

High TB rates plague Houston workers

State and city health experts in Austin and Houston are debating the meaning of a finding that one-third of the workers at a City of Houston solid waste facility have tested positive for tuberculosis. After a secretary at the facility developed what appeared to be TB, all 313 employees at the facility were tested, and 106 showed positive results, which indicates that they carry the tuberculosis organism. Aside from the one secretary, no others have active TB, the only

means by which it could be transmitted from person to person.

According to the *Houston Chronicle*, John Bybee, an expert at the state's tuberculosis control division, is reporting that "finding an infection rate that high is rare. 'There is probably infection taking place among the work group, but it could be other things as well,' Bybee said." Bybee said an infection rate of 5% at a work site would be considered normal.

TB is growing at a rapid rate in Houston, especially in relation to AIDS, for which it is frequently a marker, and among an increasing number of Asian and Central American immigrants. The number of cases in Houston grew from 609 in 1991 to 758 in 1992, a nearly 25% increase. The number of children diagnosed with TB more than doubled in the same time period, rising from 32 to 71.

Law may direct Corps to report on flood control

The U.S. Congress is considering legislation to direct the Army Corps of Engineers to prepare an in-depth report on how to "improve flood protection on the Upper Mississippi River and its tributaries to protect public health, maintain commerce and reduce economic losses." The bill was introduced in early August by two Illinois Democrats, Richard J. Durbin, chairman of the House Appropriations Subcommittee on Agriculture and Rural Development, and Lane Evans, as well as 12 other members of the House of Representatives.

According to a summary of the bill, the Army Corps would: "Identify critical water and sewer, transportation, and other essential public facilities which currently do not have adequate flood protection; identify high-priority industrial, petrochemical, hazardous waste and other facilities which require additional flood protection. . . . Evaluate the cost-effectiveness of alternative flood control measures such as the preservation and restoration of wetlands; . . . Recommend flood control improvements, changes in federal cost-sharing, and other measures to reduce economic losses [and] damage to critical public facilities."

Briefly

● **REV. JAMES BEVEL**, who ran for vice president on the same ticket as Lyndon LaRouche in 1992, announced his endorsement of Nancy Spannaus's campaign as independent candidate for governor of Virginia at a press conference in Lynchburg on Aug. 16. Bevel, who worked closely with Dr. Martin Luther King, urged the press to investigate so-called outcome-based education.

● **EIR ANNOUNCED** on Aug. 9 that it is printing a second edition of its best-selling book *Travesty: A True Crime Story*, exposing the anti-LaRouche "Kidnappers, Inc." behind the attempt to kidnap and "de-program" LaRouche associate Lewis du Pont Smith. The first edition appeared before king kidnapper, Galen Kelly, was convicted in another case.

● **THE STATE DEPT.** has formally confirmed that the First Secretary of the U.S. Embassy in Tel Aviv sent a sharply worded letter on Aug. 10 to Israeli Justice Minister Michael Harish warning against a new indictment of John Demjanjuk on new war crimes charges. Although the letter was described as "unauthorized," the officials confirmed that "the issues raised have been subjects of informal discussion between our governments for some time."

● **JOHN SHALIKASHVILI**, a four-star Army general and head of the U.S. European Command, was named by President Clinton on Aug. 10 to replace Gen. Colin Powell as chairman of the Joint Chiefs of Staff. Shalikashvili also is the current military commander of NATO.

● **ROCKS AND VANDALISM** have plagued organizers in New Jersey who distributed *EIR's* book *The Ugly Truth about the ADL* in the Teaneck neighborhood of ADL National Chairman Abraham Foxman. The window of an office used by the organizers was smashed and the tires of another individual's car were slashed. The Anti-Defamation League, however, has remained silent about these "hate crimes."

Editorial

SDI was no hoax

On Aug. 18, the *New York Times* led an international press barrage, accusing the Reagan administration of faking results of tests in the Strategic Defense Initiative (SDI) in order to deceive the Soviets.

The claim in this spurious account is, that the Reagan administration deliberately concocted President Reagan's SDI as a deception operation. Their purpose, according to the *Times* and four anonymous informants whom the newspaper cites, was to force the Soviets into major increased defense expenditures which their already fragile economy could ill afford. So, the story goes, the United States knew that the SDI would never work and was not serious about developing it, but hoped to convince the Soviets otherwise. As part of the operation, the U.S. Congress was supposedly misled as well, into allocating large sums of money to the develop the SDI.

This account is based upon anonymous sources, four unidentified officials who supposedly were associated with the Reagan administration. It has been denied and vigorously countered by former Defense Secretary Casper Weinberger. "It's a pile of nonsense," Weinberger said. "You don't use it [deception] on the Congress, and you don't use it in situations where there is no reason to deceive." Pointing to the effectiveness of KGB information-gathering in the United States at that time, Weinberger went on, "They knew what we were doing." His point was seconded by former Weinberger aide Frank Gaffney, who accused these critics of dancing on the SDI program's grave.

Notwithstanding that the test in question involved missile intercepts of missiles, rather than the kind of advanced systems based on "new physical principles" mandated in the original SDI proposal, the *Times* has concocted this story in order to head off the diminishing possibility that the Clinton administration would take up the offer by the Russian grouping which surfaced the April 2 "Trust" proposal this year.

This was a proposal by scientists and members of the Russian military-industrial complex, for U.S.-Russian collaboration on joint development of the kind of systems which were envisaged by Reagan in March

1983. Crucial to the SDI proposal, which had been developed by Lyndon LaRouche and presented to the administration, was the offer of joint development of the SDI by the Soviets and the United States, in the interests of replacing the doctrine of Mutually Assured Destruction with a policy of Mutually Assured Survival. At that time, the offer was brutally turned down by the Soviets, who instead launched a campaign against LaRouche which led finally to his imprisonment in a Minnesota jail, in proceedings closely modeled on the methods of the Soviet justice system.

In 1982, LaRouche had entered into back-channel relations with the Soviets, with the full backing of the Reagan administration, precisely on the subject of strategic defense. Far from being a hoax, it was then widely admitted in informed scientific and intelligence circles that the Soviets were themselves pursuing development of what later became known as the SDI. This has been confirmed this year in a number of statements by Russians, including in the Trust proposal itself. Back in 1983, there was reason to believe that the Soviets were gaining a commanding lead over the United States on the SDI front.

The sad fact is that there was deception on the SDI front, not by President Reagan and those in his administration who supported the LaRouche-Reagan SDI proposal, but from those within and outside the administration who spread deliberate disinformation about the scientific and technical feasibility of a strategic defensive initiative based upon new physical principles, as advocated by LaRouche, and by Dr. Edward Teller. As time went on, laser and beam weapon defense concepts were put on a back burner, in favor of off-the-shelf antimissile-missile technologies, to the detriment of the U.S program.

The fact is that the SDI was the surest path to war avoidance in 1983 when it was proposed, and it could still function in that way today. LaRouche's concept of the SDI included economic proposals which were vectored toward a massive global leap in productivity, based upon the assimilation into the civilian economy of spinoff technologies from the SDI.

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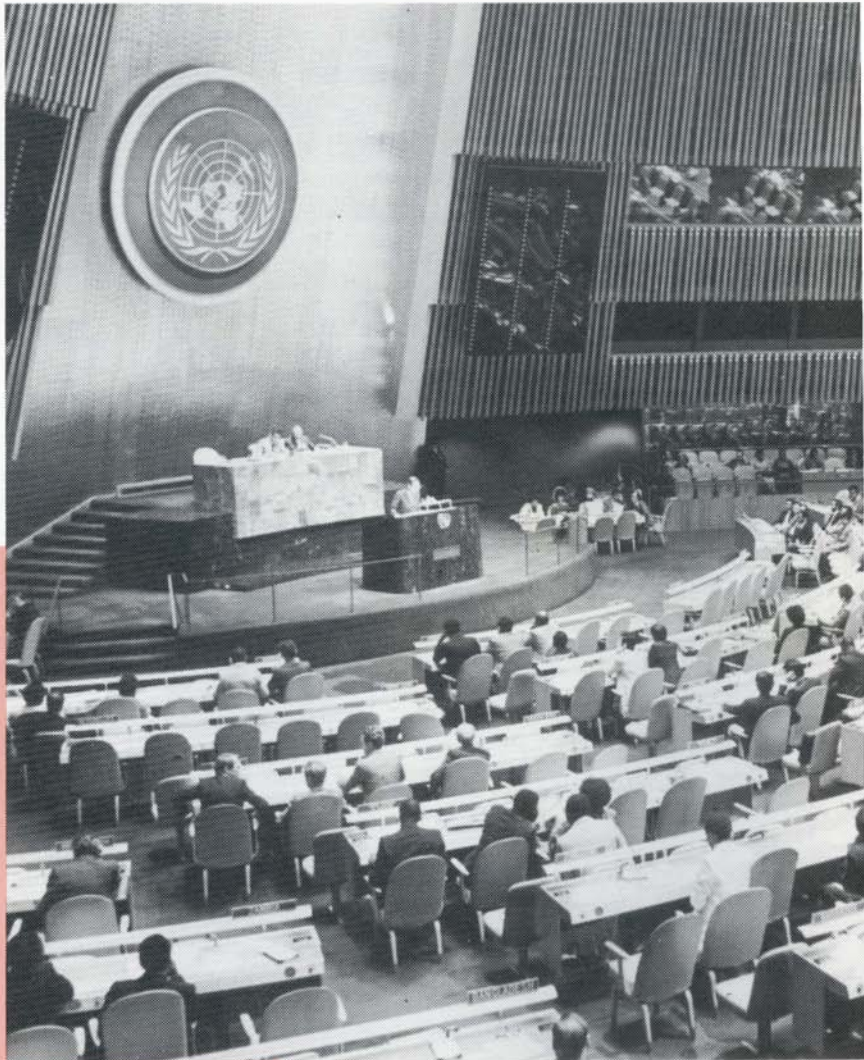
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